

## Europeans fear US tough line

America's tough line with the Soviet Union is worrying European leaders who believe the mood of anti-Sovietism in Washington, together with the huge planned increase in American defence spending will effectively undermine attempts to open a new round of talks on limiting medium-range missiles in Europe. On the American side there is dismay that some European leaders are not prepared to accept assurances that the United States will fulfil its commitment on the Salt talks by the end of the year. Sweden has criticized both superpowers for allowing their arms build-up to threaten the future of mankind. Page 6



## Wimbledon snub for McEnroe

The All England Lawn Tennis Club announced that John McEnroe, the new Wimbledon men's singles champion, should not be elected to honorary membership, although it is custom for singles winners to be recognized in such a way. It was felt that McEnroe's behaviour during Wimbledon brought the game into disrepute. Page 16

## Takeover agreed for 'Observer'

The Government has finally agreed to Lorch's takeover of The Observer after the company agreed to stronger guarantees on editorial independence. The conditions are similar to those agreed with News International bought The Times. Lorch said it would soon launch an evening newspaper for London. Back page.

## Japan agrees to curb car exports

Japanese car manufacturers have agreed to hold their share of the British car market down to 11 per cent, and have promised similar curbs on light van exports. But they told a delegation of British Society of Motor Manufacturers and Traders that they found it impossible to meet British demands to hold down exports of commercial vehicles. Page 19

## Petrol price war looms

Another petrol price-war may start if the big oil companies try to increase pump prices by 6p or 7p a gallon after the pound's slide against the dollar. Prices rose by 10p a gallon only a month ago and considerable market resistance to the increase is feared. Page 19

## Theatres still draw crowds

Theatre is the most popular entertainment for Londoners, attracting 100,000 of them a month, an NOP poll for the Society of West End Theatre says. Travel costs were found to be a bigger deterrent to potential customers than seat prices. Page 3

## New strike wave hits Poland

Employees of the Polish airline Lot have struck for four hours disrupting flights in protest against the governments refusal to name a general manager of their choice. Public transport workers struck in Bydgoszcz demanding the removal of the municipal services director. The new strike wave increased tension before the party congress which opens next week. Page 6

## Smear test plea

Women should be screened for cancer of the cervix from an age younger than 35, a government report suggests. Because of earlier sexual activity, women are at risk at a younger age. Page 4

## Cabinet considers riot Act

# Whitelaw action to make parents pay children's fines

By Philip Webster and Julian Haviland

## ON OTHER PAGES

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Mr William Whitelaw, the Home Secretary, announced in Warrington last night that the Government would legislate in the next year to strengthen the powers of the courts to involve parents in the consequences of offences committed by their children. Parents are to be required to pay the fines of all children under 17 unless it can be proved that such action by the court would be unreasonable.

It is understood that a Criminal Justice Bill incorporating the provisions, based on the White Paper, *Young Offenders*, published last autumn, will be introduced in the next session of Parliament.

As he spoke, large gangs of youths again gathered in Moss Side, Manchester, and there were small skirmishes with police.

By making his announcement in Warrington, the Home Secretary, speaking only a few miles from the scene of the Manchester and Toxteth riots, was attempting to boost the apparently flagging Tory vote by ensuring that law and order becomes the dominant issue in the last days of the by-election campaign.

His message, in a speech in support of the Conservative candidate, Mr Stanley Sorrell, was that Tories are the only party which recognizes the maintenance of law and order and security for every citizen is the first duty of any responsible government.

Legislation to strengthen the whole range of law on the criminal activities of the young was a major priority for the Conservative Party over the next year.

He said that for too long careless parents had been allowed to escape the full consequences of the neglect of their responsibilities. "It is important at this time that the electors of Warrington take the opportunity presented to them on July 16 to demonstrate their support for our Conservative policies to maintain the authority of the law."

After riots, looting and violence on a scale which took the Government totally by surprise, perplexed and anxious Cabinet ministers yesterday scrapped the agenda for their weekly meeting and spent nearly two and a half hours in the widest discussion of the possible causes and remedies.

Their first concern, it was agreed, must be to support the police in their fight against the trouble-makers. It requested, and with adjustments to the law if senior police commanders

needed new powers to control mobs and keep the peace. Ministers discussed introducing a new riot Act, to make it a criminal offence for people to remain on the streets after being warned off by police, and strengthening the Public Order Act which has been under review for several months, to tighten control over demonstrations and marches.

Amending the race relations laws, to help restrain incitement, was also considered.

Nothing was agreed and it may be that no changes to the law will be made. Mr Whitelaw, and Lord Hailsham of St Marylebone, the Lord Chancellor, were deputed to give further consideration to possible legal changes, and report back to the Cabinet next Thursday.

Mr Whitelaw will give the Government's conclusions to Parliament when he opens a debate on the disorders in Government time, that afternoon.

But yesterday's discussions covered the whole range of public policy in the inner-cities—employment, housing, education, crime—and also of possible action. Nothing was excluded, it was stated afterwards.

The question of expanding public borrowing to fund the resources was not discussed. Whatever their varied views on deficit spending, ministers are agreed that value for existing spending in the inner cities is the first priority—"getting the money used better and in a more humane way" as the Prime Minister put it to the Commons yesterday.

But the possibility of redirecting resources was in each minister's mind. It was agreed that half a dozen government departments would prepare papers for next week's Cabinet.

A decision in principle has been taken already to commit fresh funds to relieving youth unemployment. As it happened, the first discussion in Cabinet of such schemes, drawn up by Mr James Prior, Secretary of State for Employment, was due to take place yesterday but has to be postponed until next week.

One immediate problem discussed was compensation for riot victims. The law was considered to be adequate. The problem, it was agreed, was to make sure that payments were fair and made promptly. This is one area where ministers expect to have to find new cash.

Central to yesterday's debate was Mr Whitelaw's report. He compared the scenes in Toxteth, Liverpool, which he visited this week, with his experience as Secretary of State for Northern Ireland ten years ago. He reported that very little evidence had been found to support suggestions that the rioting in Liverpool, London and Manchester had been organised centrally, though he had no doubt that political agitators had moved in. The Greater Manchester police had evidence of the riots being organized but in Liverpool there was little sign of this.

Mr Whitelaw was reassuring about the morale of policemen of all ranks. He had visited injured police in hospital, and they were all keen to resume their duties. There was no question of their wanting help from the Army.

Now was there any belief that the style of policing should be more aggressive. They wanted to do their traditional job in the traditional way, but they did want better protective equipment when exposed to violent attack.

Mr Whitelaw agreed with colleagues that there were signs that the rioting in Manchester had come about because young people wanted to imitate the earlier rioting which they had seen on television. This was a worrying factor and ministers do not know how to limit it.

The Prime Minister was struck by the importance of parents exercising their responsibilities, especially towards children of school age. In the Commons later Mrs Thatcher seemed to infuriate the Opposition when she insisted that the Government could not be held solely to blame for what has happened. Labour MPs raised their disapproval, for example, when she quoted a press opinion that the violence in Liverpool had nothing to do with pay, housing, and unemployment, but was "purely cultural".

In Cabinet, however, she was said to be eager to seek out possible lines of government action and to examine any suggestions.

# Prime Minister at bay

By Hugh Noyes, Parliamentary Correspondent, Westminster

The clap of thunder that greeted yesterday's announcement by Mr Francis Pym, Leader of the Commons, that there would be a debate next Thursday on the recent outbreak of civil disorder in Great Britain may have been no more than an appropriate coincidence. On the other hand it could well have been an expression of displeasure by the Almighty at the near breakdown of law and order on certain sections of the Opposition backbenches during exchanges with the Prime Minister over the riots.

As the Speaker, Mr George Thomas, struggled in vain to maintain order, there were moments when it seemed that Britain may have been wiser to have exchanged his wig for one of the new riot helmets that the Home Secretary has ordered for the police. As the uproar mounted about him, Mr Michael Foot, at the Labour front bench, must have sensed that his backbenchers were not improving their image of coolness under fire and he appeared to go out of his way not to pour too much oil on the troubled waters.

A few conventional explosions during questions to Mr William Whitelaw gave little warning of the nuclear holocaust that was to follow. Mrs Thatcher's appearance at the despatch box seemed to trigger off some sort of chain reaction on the Opposition benches. There were howls of anguish as the Prime Minister told a Tory MP that the use of water cannon was certainly ruled out by the government, pointing out that the use of CS gas had been fully endorsed by the Home Secretary.

To be fair to Labour MPs,

Mrs Thatcher was not exactly unprovoked, although she certainly made less noise about it. She told one MP that he was being absurd when he wondered about the logic of spending so much money on Trident and so little on helping people to find work. But the biggest bang came when she quoted a Daily Mirror leader stating that the riots were a species of nuclear war, and nothing to do with pay, housing or unemployment.

"You stupid woman!" yelled Mr Eric Heffer, Labour MP for Liverpool, Walton, whose explosive threshold is about as low as you can get without being in a state of continual eruption. Mr Foot entered the fray in an attempt to cool things by telling the Prime Minister that her higher education cuts were an act of barbarism. Somehow he managed to relate these cuts to the Japanese for engineering students, with the riots in Toxteth and Southall.

That brought an explosion from Sir Hugh Fraser, normally the most placid of Tory MPs. Many people came to the Commons thinking that the House was not paying sufficient attention to the immediate problem, which was law and order, he said. As for riots in Liverpool being connected to students in Japan, that was totally ridiculous. As the shrieks and howls rose on all sides, Mrs Thatcher was told that she was one of the biggest vandals, regularly mugging the British taxpayer, while a Tory MP demanded the return of corporal punishment for the under eightheens.

The Prime Minister thought

the idea of her being a vandal and a mugger "ridiculous and absolutely absurd". As for corporal punishment she had no plans for that.

"Why not cut off their hands?" suggested a Labour MP. By this time the Speaker was leaping up and down like a jack in the box while a little local war was breaking out on the back benches between Mr Kenneth Powell and a group of Labour MPs who seemed to be objecting to his views on ethnic minorities.

"It is impossible for me to hear the Prime Minister," pleaded the Speaker. There were little responses to this plea. As question time ended, Mr Heffer was still demanding to be heard on the grounds that the Prime Minister had attacked the people of Liverpool. "No, she didn't," yelled the Tories. "Yes, she did," Labour MPs shouted back. Whatever Mrs Thatcher had done, Mr Heffer was firmly ruled out of order, whereupon Mr Andrew Fentis, Labour MP for Wrexham, East, and another MP with a dangerously low threshold, tried to have Mr Powell certified for his "insane utterances". Mr Powell, sitting a few benches away, looked as though he would immensely enjoy that prospect.

Perhaps, surmised Sir Frederick Burden, Conservative MP for Gillingham, there would be less hooliganism on the streets if there was less hooliganism in the Commons. On that thought provoking suggestion the punks and the skinheads departed to sharpen their knuckledusters for the "under control" which was carried on with a debate on the Army.

## Trouble flares in Moss Side and Woolwich

By Staff Reporters

Street violence broke out again in Britain last night—in the Moss Side district of Manchester and in Woolwich, south-east London.

Large gangs of youths gathered in Moss Side and there were some small skirmishes with police as darkness fell. Fire engines went to Princess Road, after a fire had been started in the charred remains of a shop destroyed in the first riot in the same area early on Wednesday.

Police, equipped with new anti-riot helmets, also raced

into the area in police vans, whose windcreens were covered with wire mesh in the style of Army and police vehicles in Northern Ireland.

They dispersed hundreds of youths, both black and white, from the green opposite the Fire station pursued them into Moss Side's modern shopping and leisure centre. There was some stone throwing.

London police quickly quelled what threatened to be a riot early yesterday evening in Woolwich, south-east London. About 200 black and Asian youths ran through the town

centre smashing 15 shop windows and overturning two cars. There was some looting. The youths were outnumbered by police who quickly dispersed them.

Scotland Yard said 12 people were arrested and charged with threatening behaviour. No one was hurt. Police reinforcements had been drafted into Woolwich after tips-off about trouble. Scotland Yard said the situation was "under control".

A spokesman added: "There are no fires or burning buildings."



Photograph by Peter Turner

Two ways of staying dry in London yesterday as two inches of rain fell in an hour and Kings Cross Station was closed.

## Woman killed as worst storms for six years hit England

A woman aged 20, was killed by lightning yesterday during the worst thunderstorms to hit parts of England for six years. Miss Catherine Harris, a Wren from Gosport, Hampshire, died soon after she was struck at the Naval Air Station, Yeovilton, Somerset (John Withersow writes).

Storms accompanied by thunder, lightning, and hail affected South-west England, East Anglia, the Midlands, and North-east England. Some of the heaviest rain fell on London disrupting road, rail, and Underground services.

The London Weather Centre said it recorded two inches of rain between 3pm and 4pm. That was the heaviest down-pour since August 1975, when about six inches of rain fell over a six-hour period.

British Rail said they had to close King's Cross Station for several hours because of tracks which were flooded up to a depth of 2.5 feet. A platform at Charing Cross was also sealed off because of rain pouring through the roof.

Passengers at King's Cross were told to catch alternative trains at Euston or Finsbury Park. Underground train services were also affected. The Bakerloo line trains did not stop at Charing Cross, and King's Cross underground station closed for almost an hour until staff swept the water from subways.

The police said the rain caused severe traffic problems throughout London as it rose above kerb level in several areas and a number of traffic lights ceased to work. The fire brigade were inundated with calls to flooded basements. They received 100 calls in the greater London area at the height of the storm.

The London Weather Centre said the storms over London started when the temperature at 3 pm was recorded as 25c (79f). They moved north over the city.

The centre forecast more storms in the eastern part of the country early today although the weather was likely to improve this evening with occasional sunny spells. Weather forecast, back page

## Private cash plan for Gatwick rail service

By Michael Baile, Transport Correspondent

Private enterprise operation of the passenger rail service between London, Victoria, and Gatwick Airport is being discussed by the British Railways Board and merchant banks.

It would be the first "living off" of a part of British Rail's main railway business. The idea is to set up a separate company, Rail Gatwick Ltd, to buy and manage terminals and rolling stock for the rapidly expanding service, which is expected to carry more than seven million passengers a year by the mid-1980s.

Initial investment is expected to be about £30m for new rolling stock and a new terminal at Victoria on a raft over existing platforms. Construction of a new terminal at Gatwick is well advanced, and Sir Peter Parker, chairman of British Rail, opened the film first phase in a ceremony there yesterday.

In an exclusive interview afterwards, Sir Peter said: "The use of private capital in British Rail is welcome so long as it does not interfere in our total commitment to a national service. Where we can aggregate parts of the business and attract private capital we want to do so, primarily to speed up much-needed investment in the railways, which is at present constrained by public sector borrowing limits."

The new Victoria Air Terminal and the related service to Gatwick is the best opportunity open at the moment for private sector participation in investment in a railway service. It would not increase the call on our public funds, nor would it drain away investment much needed for other parts of the railway."

If the scheme goes ahead, Gatwick Ltd trains, probably in special livery, would operate alongside existing commuter and South Coast services on shared tracks, with British Rail retaining an underlinked payment from the company for both operation and track.

The huge growth prospects on the route would guarantee investors a satisfactory return, it is believed. That would allow expanded investment in new trains, which would probably be replaced by BR after 25 years.

Encouraged by the Government, British Rail is seeking private sector investment in ancillary activities such as hotel and shipping. It is also exploring sources of private cash for mainline electrification.

Direct participation by private risk capital in the railway itself is, however, a new concept. It can be set up without infringing Treasury rules it should appeal greatly to this Government as well as to Sir Peter, a dedicated believer in the mixed economy.

## 3m jobless figure blamed on civil service strike

By Donald Macintyre, Labour Reporter

Registered unemployed figures for this month are likely to go above three million for the first time after what the Department of Employment said was an increase artificially inflated by the Civil Service dispute.

The tacit admission in Whitehall that the figures would rise to that level came as the 280 striking Passport Office staff prepared to return to normal working while conflict in unemployment benefit offices was said, with a further 33 staff suspended.

Even on the best estimates the real figures for unemployment (United Kingdom, not seasonally adjusted) are thought likely to show an increase of about 2 million when they are published on July 21.

The employment department, however, said that the numbers, which were counted yesterday and will be processed over the next 40 days, would be raised "perhaps by a substantial amount" because of the emergency procedures operating for the payment of benefit.

Because local office staff are mainly occupied in making Giro cheque payments to the unemployed manually "it would take longer in some cases for the end of a period of unemployment to be notified", the department said.

Officials at the Department of Employment recognize that the 3,000,000 figure is a highly

emotive one and were at pains to explain that the unemployment position would be "overstated" because of the dispute.

The department refused to say by how much it expected the increase to be inflated, but it was thought yesterday that the number may be about 100,000.

About 275,000 people normally leave the register each month, in most cases because they have found jobs. Of these, about 40 per cent simply fail to sign on and the register is normally adjusted accordingly. But because the Department extended the frequency of registration from every two weeks to four weeks there is no way at present of establishing how much such people have ceased to register.

Meanwhile the threat of a complete halt to unemployment benefit payments in some areas grew as 25 staff in Washington, Tyne and Wear, and a further nine in Hackney were given suspension warnings for refusing to make out payments on "black" Giro cheque forms.

The department reacted sharply to demands that the payments should be paid in cash in offices where cheque stocks had run out, saying that it was "totally impractical".

A total of 30 staff at Kinning Park in Glasgow and at Keighley, West Yorkshire, are on strike.

## Thatcher to discuss Maze with Dr FitzGerald

From Tim Jones, Belfast

Dr Garret FitzGerald, the Irish Prime Minister, is expected to have talks today with Mrs Margaret Thatcher in an effort to resolve the Maze prison dispute, which has polarized both communities in Northern Ireland and increased tension to a dangerous level.

Dr FitzGerald has intensive discussions with two members of the Irish Commission for Justice and Peace, whose efforts to solve the deadlock ended in apparent failure.

Dr FitzGerald had been in constant touch with the Commission members and it is understood that he persuaded them they still have a crucial role to play in trying to solve the impasse.


During his election campaign the dilemma of Northern Ireland plagued all major political parties in Ireland and it is of immense importance in the newly-elected Dr FitzGerald to initiate positive and realistic proposals that would end the hunger strike.

The Commission, one of Ireland's most respected bodies, departed from Belfast claiming that the British Government had failed to honour undertakings to send an official into the Maze prison on Tuesday morning to confirm and clarify assurances given on reforms.

They accuse Britain of reneging on a deal which could have ended the protest. According to the Commission the government had "clawed back" agreed concessions. They were shocked they said, in the difference between the Government statement that they had expected and what was released by Mr Atkins, the Secretary of State for Northern Ireland.

The Commission challenged Britain to deny that it had accepted the statement of their proposals. They had expected the fresh initiatives to be put to initiate positive and realistic proposals that would end the hunger strike.

Continued on back page, col 4




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## Lord Lever calls Labour schools policy disastrous

By Frances Gibb

Lord Lever of Manchester, a Labour peer, last night attacked the Labour Party's policy of abolishing private schools as "disastrous". Schools universally regarded as proper targets for demolition and demolition were, he said, "become targets for destruction".

He added, at the prize-giving ceremony at Manchester Grammar School, that by a "change and mulligan change" in Labour Party had been "invited to the notion" that the educational system of this country should be turned into a "uniform sausage machine imposed by laws".

"What started out as the noble purpose of enabling working class boys to enjoy the educational opportunities of the middle and upper classes could, by a bizarre and disastrous process, be turned into proposals for destroying them."

The party proposed a 10-year programme of sustained financial persecution of independent schools, leading to one system of education that was "united and whose promise was, at the least, speculative and fraught with problems."

Lord Lever harshly criticized the party's argument that the existence of the schools sharpened class divisions. "Most of the articulate advocates of this specious argument are, in fact, themselves the product of these schools. They continue, without apparent intellectual or moral distress, to send their own children to them."

The schools had throughout the years provided the party's leadership and the leadership

## Transport troubles deter the audiences

By Martin Huckerby, Theatre Reporter

Most West End theatregoers regard London as the entertainment capital of the world, and theatre is the most popular form of entertainment on offer. But many are put off by the expense of night out and difficulties with transport, a survey shows.

The survey, carried out by NOP Market Research in London and much of South-east England, shows the most popular entertainment in central London is the theatre, including opera and ballet. It was preferred by 35 per cent of people.

Restaurants attracted 20 per cent, cinema 18 per cent, public houses 17 per cent, exhibitions 12 per cent, art galleries 9 per cent, classical concerts 6 per cent, and rock concerts 5 per cent.

The survey, published yesterday by the Society of West End Theatre, is only the first stage of a research programme, but it is already leading theatre managers to change their thinking about potential audiences.

MORE FOLLOWS — x — x — x

In the past, particular attention has been devoted to tourists, both from abroad and from elsewhere in Britain. But in the Greater London area there are estimated to be 1.3m people who go to the theatre, and about 100,000 who go monthly. So "London theatre for Londoners" is likely to be the watchword for the future.

Nearly 30 per cent of Londoners cited difficulties in travelling as deterrents to theatre-going, while 22 per cent were concerned at the expense of travel. The cost of travel was regarded as a greater deterrent than the actual cost of theatre seats. Difficulties of parking in the West End also put people off.

The society is already planning new schemes with British Rail and is about to start discussions with London Transport; it particularly wants better late-night trains.

The most significant recommendation for a play is that of a "crucial friend". Other influences on the choice of show are the playwright (though few modern ones are known), the actors and actresses in the cast, the play itself (mainly where revivals are concerned), and the music (where songs are already familiar).

Although the reviews of the critics were also an influence, the survey said: "Many people professed scepticism of critics' findings."

The West End Theatre Audience (The Society of West End Theatre, 10 St Martin's Court, St Martin's Lane, London, EC2 1EJ).

The BBC Symphony Orchestra has joined the increasing number of arts organizations seeking to build audiences through subscription schemes. For the coming season, the orchestra is offering concert-goers savings of up to two-fifths on season tickets at the Festival Hall.

The public can save a quarter with season tickets, and members of the BBC Symphony



David Buchanan, left, from Watford Boys' Grammar School, having a private game with Nicholas von Schlippe, from St Paul's School, at the St Ermin's Hotel, London, yesterday watched by Mr Bernard Lucas, the head doorman.

## St Paul's boys sweep to chess victory

By Harry Golombek, Chess Correspondent

In the finals of *The Sunday Times* national schools chess tournament, which were played yesterday at St Ermin's Hotel, in Caxton Street, Westminster, London, St Paul's swept to a convincing victory over Watford Boys' Grammar School by 4½ to 1½.

With an average age of 15, the St Paul's team was one of the youngest to win the British schools championship.

Their adversaries, Watford Boys' Grammar School, are also a most promising side of young players, with an average age of 15½. They are

runners-up for the second year in succession.

The former title holders, King Edward VI School, Southampton, played Manchester Grammar School for the third and fourth places, and in this match Manchester Grammar were almost as strong victors as St Paul's, winning by 4-2.

Detailed results in Match 1: Watford Boys' Grammar v St Paul's, with Watford GS names first. Simon Triggs ½; Julian Hodgson ½; Jonathan Sachs 0; Daniel Rosen 1; Ian Thomas ½; Kevyn Shovel ½; Andrew Clarke ½; Adam Ismail ½; David Buchanan 0, Nicholas

von Schlippe 1; Glen Streeter 0, Michael Arundale 1.

Match 2: Manchester Grammar School v King Edward VI School, with Manchester names first. Stuart Niman 1, Steven Bell 0; Martyn Goodger 1, Philip Stevenson 0; Tim Fife 0, Andrew Kluth 1; Mark Trevellyn 0, James Forder 1; Saul Richman 1, Mark Buchan 0; Duncan Clements 1, Ravi Shahani 0.

From now on the event will be sponsored by *The Times*, and arrangements are already in progress for next season's tournament which will be a large competition, with about a thousand teams taking part.

## £6m paid to vaccine damaged children

By Our Health Services Correspondent

More than £6m has been paid by the Government to vaccine damage victims since the Vaccine Damage Payments Act was passed in 1979.

A total of 638 people have been awarded the lump sum payment of £10,000 laid down by the Act, 488 of whom were given a combined vaccine with an anti-whooping cough element.

Although the Government maintains that the risk of damage from whooping cough vaccine is one in 100,000, the rate at which vaccine damage payments have been made is higher than that.

100,000 children vaccinated with a whooping cough vaccine between 1962 and 1973 have been awarded compensation.

About four out of every 100,000 children were given in answer to a batch of parliamentary questions from Mr Jack Ashley, Labour MP for Stoke-on-Trent, South. In his replies Dr Gerard Vaughan, Minister for Health, pointed out that figures for vaccine damage payments, which involved a retrospective judgment based on the balance of probabilities, could not be taken to give an accurate assessment of the risks of permanent damage.



Remains of the burnt-out footbridge spanning Clapham Junction station in London yesterday. Services through the station are expected to be almost back to normal today after a fire on Wednesday caused severe delays. Four lines put out of action were reopened yesterday with near-normal services during the evening.

## Methodist dispute over energy

From Our Correspondent

The Methodist conference in Norwich last night agreed to circulate among Britain's two million Methodists a report entitled *Shaping Tomorrow*.

The report is in favour of nuclear energy. It tackles the relationship between new technology and the Christian faith.

The section of the report favouring nuclear energy was strongly criticized by the Rev David Haslam, of London.

He pointed out that, or 43 scientists, technologists, and engineers who drew up the report, 15 worked for either the United Kingdom Atomic Energy Authority or British Nuclear Fuels.

The conference rejected his plea that reports challenging the use of nuclear energy should be circulated.

## Error halts butter price increase

By Hugh Clayton

An Order to raise the legal ceiling on butter prices has been hastily withdrawn by the Government after complaints from some interested parties that they were not consulted.

The Department of Trade said yesterday that the mistake had occurred because officials had used the wrong list of organizations.

The department would say no more about the error that led it to cancel the Order after it had been laid before Parliament on Tuesday. It had decided after consulting what it thought were the relevant interested parties to raise the ceiling by 8p for 250 grams from July 20.

It would not say yesterday how long the process would be delayed, but it is likely to be several weeks. The list used, although it was headed Butter

## Sick pay statement 'misleading'

By Our Social Services Correspondent

Ministers were accused last night of misleading the Commons and the country by saying £400m would be saved by switching responsibility for sickness benefits from the state to the employer.

Mr Norman Buchan, opposition spokesman on social security, said the Government's consultative document estimated the saving at £25m.

The £400m figure applies to the estimated saving from not paying out sickness benefit during the first eight weeks. But the Government intends to give £660m in compensation to employers for taking on the responsibility, and the net saving to the public spending borrowing requirement is estimated at £25m.

## Sick pay statement 'misleading'

Mr Kaufman recommended the introduction of local income tax instead of domestic rates, which would overcome the criticism of the system that it enabled some wage earners to escape payment for local services.

Government grant would still be necessary, but a local authority should be given freedom on expenditure as long as it did not drag any more grant along with it. "Local government, if it is given greater freedom, must take the responsibility for its own decisions by levying the required tax rate and justifying it to the electors."

If local government is not to become an agent of central government, it must not become a parasite of central government either."

Mr Kaufman said his wish was to "liberate local government and suggested that councils should be allowed to become resource creators."

## The hunger strike

## Five 'just' demands and the case against

From Tim Jones, Belfast

After the apparent failure of the initiative by the Irish Commission for Justice and Peace to solve the Maze prison hunger strike, republican prisoners in the H-Blocks smuggled out a document saying that the statement by Mr Humphrey Atkins, secretary of State for Northern Ireland, in response to their demands "at face value amounts to nothing".

Since the start of the hunger strike, the prisoners, five of whom have died, have been content in making five demands which they claim are just and reasonable. The Government, while showing a willingness to make the regime more liberal, is refused to concede the demands, saying that would be tantamount to giving them political status.

The five demands are free association with other "political prisoners", the right to wear their own clothes, the right to have their own recreation, and work, the right to receive one visit, one letter and one parcel a week, and the right to full remission of sentences.

In those demands the Government's attitude as expressed Mr Atkins is:

Free Association: prisoners who give up their protest would get the same association as non-protesting prisoners now get, that is, three hours each evening, all their weekends, plus a period for exercise, physical education, games, and meals. There is little immediate scope for expansion.

Clothes: During association prisoners would have the privilege of wearing their own clothes. At all other times they would wear civilian-type clothing of a non-uniform kind. The possibility of further developments is not ruled out.

Work: All prisoners are in practice, as well as in principle, liable for domestic tasks inside and outside the wing, for example, for orderly duties and in the laundries and kitchens. No one will be excluded as of right from the liability to work in prison workshops.

Visits: All prisoners: Any prisoner who abides by the rules is allowed eight letters, four visits, and four parcels a month. Those giving up their protest would get that straight away. This is more than the hunger-strikers have been asking for.

Remission: Fifty per cent

remission is awarded for good behaviour. It is forfeited by those who break prison rules by protesting. In practice, prisoners who give up their protest have regained up to one fifth of lost remission.

The attitude of the prisoners to their demands is, in their words:

Free Association: It is misleading to quote figures of a hundred prisoners presumably associating together. We believe there should be wing visits (each wing is built to accommodate 25 prisoners), but we do not envisage ourselves (although Mr Atkins does) running around the block as we please in large numbers. Free association means that there would be freedom of movement within the wings. Supervision need not be restricted.

Clothes: Prison clothes are prison clothes. It is illusory to minimize the wearing of prison clothes to half the week. The women in Armagh wear their own clothes, and there is no objective reason why all prisoners should not be allowed to wear their own clothes.

Work: What the Government recognizes as prison work, we do not. Therefore, with good will, "work" and the achieving of a comparable arrangement should be agreed without loss of principle. Besides self-education, which would be the main prop in any agreement, we are prepared to maintain our calls and wings blocks and engage in any activity we define as self-maintenance.

Parcels and letters: If we accept that toiletries and, to a lesser extent, reading material, are essential, then the weekly parcel amounts to 4½ of fruit. That speaks for itself.

Remission: Lost remission is a result of the protest and is not connected with the cause of it. As the Government says, the machinery exists to reclaim it, yet for some reason the Government is being ambiguous on the matter. What constitutes a "subsequent good behaviour period?"

According to the prisoners, their interpretation of their demands "can, and must, provide the basis for a just, principled, and practical solution for all sides."

Mr Atkins says there is scope for further development, but not under duress. "The only key to advance is for them to end the strike."

## PAY-LATER PLAN FOR ITV FIRMS

By Kenneth Gosling

Deferred payment method helping the independent television companies to pay for fourth television channel is expected to be ratified by Independent Broadcasting Corporation before the end of the month.

The aim, in response to representations from the companies, is to give them a breathing space before the channel is on the air in November next year. The authority is to issue a full statement about all aspects of financing the channel.

The cost of setting up the channel is estimated at £90m. An example of the new pay-later plan is that Thames Television, whose subscription £11.1m, due to be paid next year, would pay about half amount and have the rest paid over five years to cover interest on the loan the authority will have to raise to the balance.

## Biffen's seven conditions for 'Observer' takeover

These are the conditions Mr Biffen attached yesterday to the takeover of *The Observer*:

1. The Observer Limited shall have five independent directors; but not more than five.
2. No person shall be appointed to or removed from the office of independent director without the approval of the majority of the independent directors at the time of the appointment or removal.
3. The Editor of *The Observer* shall not be appointed or dismissed without the approval of the majority of the independent directors of the Observer Limited at the time of the proposed appointment or dismissal.
4. Subject only to any properly determined budget, the editor of *The Observer* shall retain control over the appointment, disposition and dismissal of journalists on *The Observer*, and of all content of the newspaper, except that the editor's rights may be limited to the right to refuse to publish any advertisement and to provide

## CHANGE OF VENUE PLEA FOR TRIAL

John Smith, accused of murdering a circuit judge, intends to deny the charge. Mr Barington Black, his defence counsel, told magistrates at Preston, Lancashire, yesterday. Mr Smith, aged 31, would claim diminished responsibility, he said. Mr Smith, originally from Burnley, is charged with murdering Judge William Openshaw, aged 68, at his home at Broughton in May.

Mr Smith was committed in custody to Preston Crown Court on the application of Mr John Bates, for the Director of Public Prosecutions.

Mr Black told magistrates that the defence felt the case should not be tried at Preston, where Judge Openshaw sat, or anywhere on the northern circuit. Mr Smith would be pleading not guilty to murder, and when the pre-trial review took place the defence of diminished responsibility would be put forward and the location of the trial determined.

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# Smear tests suggested for women younger than 35

By Annabel Ferriman, Health Service Correspondent

Women should be screened for cancer of the cervix from a younger age than the 35 years now recommended, an unpublished government report says.

Family doctors are paid to carry out smear tests on women over 35 because the incidence of cervical cancer occurs most frequently in middle age.

With earlier sexual activity, some women are at risk at a younger age. Detection of pre-cancerous growth, which may develop into cancer, has also improved and that makes it useful to check women in their twenties.

A working group set up by the Government's advisory committee on gynaecological cytology has drawn up a report for the Department of Health and Social Security.

It says that efforts should be made to screen young women at risk, that is those who are sexually active, particularly those with multiple partners,

and that a recall system should be started for women of 30 and over to ensure they are recalled every five years for regular smears.

Its members say that some young women are being screened too often, possibly annually, through university health centres and family practitioner clinics. Resources used on those annual screenings should be more widely spread, they say.

In addition, the wrong groups are being screened most frequently. Middle-class women are screened more often than working-class women, yet the incidence of cervical cancer is more common among the latter group.

To ensure that young women at risk are screened the group recommends that all family planning clinics, venereal disease clinics, gynaecological units, and ante-natal clinics should carry out smears.

They feel that young, sexually active women are almost certain to present themselves at one such clinic in their teens or twenties. Most carry out screening, but the group wants to ensure that all of them do so.

It is dissatisfied with the national recall system, based at Southport, which is not computerized and not sufficiently effective.

A more locally based recall system, possibly centred on family practitioner committees whose records are soon to be computerized, is favoured.

It does not make any recommendation about whether family doctors should be paid more for screening women under 35 because it did not consider that part of its remit. It says screening among the middle-aged should be increased because although about 75 per cent of those under 35 are screened, only about 40 per cent of those over 35 are reached.

## British study clears Debendox

By Dr Tony Smith, Medical Correspondent

No association has been found between congenital malformations and the use in pregnancy of the anti-vomiting drug Debendox in an analysis of data on 23,000 pregnancies in the mid-1960s.

A report today in the *British Medical Journal* from two general practitioners, researchers, one in Birmingham and one in Dundee, states that Debendox is not incriminated as a cause of foetal malformations.

The stored data on the pregnancies were re-examined when doubts arose about the safety of Debendox early last year. A court case in Florida had led to speculation in Britain that the drug might cause foetal deformities despite reassurances from the Committee on Safety of Medicines.

The research groups found that 620 of the 23,000 women had taken Debendox in the first 13 weeks of pregnancy. Of those 589 gave birth to normal babies while 31 (5 per cent) had babies with (8) or minor (23) malformations. No one type of malformation was found especially frequently. The rate of both major and minor malformations was marginally higher (5.4 per cent) in the women who had not taken the drug.

### STRANGLER JAILED

Ian Bealey, a factory charge hand, aged 31, was sentenced to life imprisonment after a jury at Exeter Crown Court found him guilty of murdering Gini Maumder, daughter of a university professor. The prosecution said Bealey raped the girl after offering her a lift and then strangled her.

## Jenkin call to double health consultants

By Our Health Services Correspondent

The number of consultants in the National Health Service should double over the next 15 years, Mr Patrick Jenkin, Secretary of State for Social Services, said last night.

Patients should be in the hands of fully trained doctors, and junior doctor posts should exist primarily for training, he told the British Association of Urological Surgeons.

There should also be a reduction of the number of posts in the training grades, he said. More patients than ever were looked after by doctors in Ho grades.

Mr Jenkin said there were three main obstacles to the expansion of the consultant grade. Those doctors already in such posts were used to working with juniors and would have to work more unsocial hours of the number of juniors decreased. Further, health authorities thought it would cost more.

Mr Jenkin disagreed. "The

stay in hospital may be shorter. There should be fewer demands on pathology, on radiology, and on pharmacy," he said.

It could lead to a faster throughput of patients, and so to some rise in costs, but that would be a proper use of development money.

"Again, not all junior doctor posts were covered by proper training programmes. It was fraudulent to offer a post when it had no training content."

The British Medical Association said yesterday: "It is all very well to discuss the expansion of the number of consultant posts, but the resources must be made available to fund them."

Nurses in the National Union of Public Employees have over which the Government's 6 per cent pay offer (the Press Association reports). Nurses and other nursing unions met on Tuesday to decide the next step.

## Disabled 'at end of queue'

By Frances Gibb

The handicapped are at the end of the two longest queues in Britain today, the queue for jobs and the queue for housing. Mr Alfred Morris, Labour and Co-operative MP for Manchester, Wythenshawe, and former Minister for the Disabled, said yesterday.

"For the disabled young person, unemployment is a deeply demeaning and further handicap," he said. "In seeking dignity and not the dole, they become doubly handicapped and suffer double despair."

They were also worst off for housing. In the past year there had been a 32 per cent cut in special housing for the disabled, said yesterday.

compared with a 23 per cent cut in housing generally.

Mr Morris was speaking at the launching in London of a document produced by the National Bureau for Handicapped Students.

Among its recommendations are that generous grants and adequate careers advice should be made available for handicapped students and that the Manpower Services Commission should ensure that its rules and courses cater for the needs of a handicapped trainee.

Further Education, Training and Employment Opportunities for Handicapped People (The National Bureau for Handicapped Students, 40 Brunswick Square, London WC1N 1AZ; £1.50).

## Foreign repairs clue to air crash

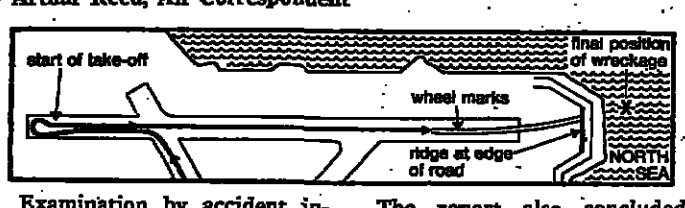
By Arthur Reed, Air Correspondent

Non-standard repairs probably carried out while it was in service with another airline in South America led to the crash of a Dan-Air 748 airliner and the death of 17 of the 44 people on board, according to a Department of Trade report published yesterday.

The aircraft failed to take off from Sumburgh, Shetland on a flight to Aberdeen with oil workers in July, 1979, because the elevators remained locked. The report said it was likely that the locks, fitted to prevent the elevators from being damaged by gusts of wind while the aircraft is standing on the ground, became re-engaged during the pilots' check before takeoff.

That condition was not apparent to either pilot until the takeoff was so far advanced that a successful abandonment with the overrun area provided at the end of the runway could not reasonably be made.

Re-engagement of the gust lock was made possible by the condition of the gust lock lever gate plate and the gate-stop strip.



Examination by accident investigators of that mechanism in the cockpit showed that the gate plate, through which the lever which locks and unlocks the gust locks moves, had been repaired or modified by the addition of plates riveted on both sides of the slot, and that the plate on the right-hand side had come loose.

Dan-Air said yesterday that, although the report attached no blame to the airline, it was carrying out gust-lock maintenance checks at more frequent intervals than were required by the manufacturers, and had fitted new gate plates to all of its 18 748 airliners.

British Aerospace said yesterday it was working on a modification that will allow the crew to see whether the lock is on or off.

The report also concluded that the copilot had been taking medication of a type that indicated that he was temporarily unfit to fly.

The crew of the Dan-Air B5748 aircraft crashed in Leicestershire two weeks ago, lost control when a door flew off and hit the tailplane, according to the results of a preliminary examination by the Department of Trade (the Press Association reports).

Mr Reginald Eyre, Under-Secretary of State for Trade, disclosed the results in answer to a question in the Commons by Mr Stephen Dorrell, Conservative MP for Loughborough. There was no evidence of any explosion inside the aircraft, he said.

Meanwhile, the Civil Aviation Authority has made it mandatory for B5748 operators to check all doors on their aircraft.



Anne-Marie Benson, head of textiles and fans at Phillips, with some of the fans in the collection of the late Princess Alice, Countess of Athlone, which were sold yesterday. Sale Room report, page 14.

## Concern for fuel bill defaulters

By Pat Healey, Social Services Correspondent

Disconnections of gas and electricity supplies for non-payment of bills fell heavily in the March quarter this year.

But it is feared that they will increase again this summer when the moratorium against disconnecting pensioner households is lifted. The main local authority associations have asked the Government to help the poor meet their fuel bills.

Mr Geoffrey Emsberg, Under-Secretary of State for Housing, has agreed to set up a working party to examine difficulties over home insulation grants, and other working parties are being considered. But Mrs Lynda Chalker, Under-Secretary of State for Social Security, has made clear that no more public money can be made available to help the poor with fuel bills.

The associations led by the Association of Metropolitan Authorities, are alarmed at the likely impact on poor families and pensioner households of the steep increases in fuel prices.

In a briefing prepared for ministers, the AMA points out that in the 12 months ended March, this year, the retail price index rose by 12.6 per cent while fuel and lighting costs went up by 26.6 per cent. More fuel price increases are on the way and the poor will suffer most because a bigger part of their incomes is spent on fuel.

The gas and electricity industries code of practice, and the disconnection policy where the code fails, are inadequate to deal with fuel price increases well above normal inflation rates, the briefing says. Figures supplied by the Department of Energy show that the number of electricity disconnections in England and Wales rose in the 12 months ended in March, this year, by 19.5 per cent, from 98,824 in 1979-80 to 118,221 in 1980-81. Gas disconnections also grew, but by less than 3 per cent, from 38,235 in 1979-80 to 39,327 in 1980-81.

Mrs Chalker says that the significant decreases in the number of disconnections in the March quarter this year, compared with the corresponding quarter last year, was achieved through greater cooperation.

Gas disconnections fell from 9,518 in the March quarter last year, to 6,101 this year, a drop of 35.9 per cent. Electricity disconnections in the quarters fell from 26,811 last year to 22,330, a fall of 16.7 per cent.

## Doctor 'tried to cancel fatal operation'

A Harley Street doctor told the Central Criminal Court yesterday that he had not wanted to carry out an operation which is alleged to have led to the death of a patient.

Dr Gordon Kelly said he had had two accidents on his bicycle before he treated Mr Leslie Holt, an antique dealer. The prosecution says he died after an overdose of anesthetic.

"My powers of judgment were certainly impaired by the accident, but I was not aware of it at the time," he said. He had tried to cancel the appointment with Mr Holt to cauterise warts on his feet be-

cause he felt sick and had a headache. Dr Kelly said he finally agreed to treat him for a sexual infection, but not for the warts.

Mr Holt, who was aged 42, arrived at the surgery and asked him again to do the warts. "I told him I was not well. He was cross. He was determined to have his warts done."

Dr Kelly, aged 36, of Devonshire Mews, Marylebone, London, was giving evidence on the fourth day of his trial. He has denied unlawfully killing Mr Holt.

Mr Thayne Forbes, for the defence, told the court that the doctor mixed up an anti-

biotic with Methohexitone while treating Mr Holt. But the mistake did not amount to gross negligence and therefore did not mean he was guilty of manslaughter.

Guided by his Counsel if he had had any intention of misleading the hospital authorities about what happened, the doctor replied: "None whatsoever at any stage."

Under cross-examination by Mr David Tudor Price, Dr Kelly said that, although Methohexitone had been delivered to his surgery, he could later find no trace of it. He could only assume it was thrown out after the operation.

The trial was adjourned.

## Call to let the urban cock have its say

By Our Agriculture Correspondent

The mutilation of cockerels to prevent them from crowing at inconvenient hours should be banned, the Farm Animal Welfare Council said yesterday in a report to the Government.

The council, an independent body appointed by ministers, said that the de-voicing of cockerels was usually done in urban areas purely for social convenience.

"The council considers that on ethical grounds the mutilation of livestock is undesirable in principle," the report said, adding that some mutilations were necessary because animals and birds would suffer even more if the operations were not done.

Some operations should be restricted to veterinary surgeons, the council said, and Professor John Harrison, the council chairman, said farm workers needed to be better trained to carry out mutilation.

The council said that some practices not found in Britain should be banned either on principle or because farmers might be tempted to use them. One was "freeze-dagging" in which part of the fleece is removed from a live ewe for hygienic reasons. The operation could produce cuts which killed the animals.

The amputation of the tongues of calves to prevent sucking problems should also be banned, the council said.

It omitted to mention the debeaking of chickens, one of the commonest forms of mutilation in Britain, which was condemned as cruel by a House of Commons Select Committee on Agriculture last year.

## RUNAWAY SKIPPER FINED

From Our Correspondent, Grimsby

Jean Plainbain, skipper of the French trawler Jean Hermos was fined £4,000, with £2,600 costs, at Grimsby yesterday on charges arising out of the hijacking of a boarding party from HMS Alderney in the North Sea.

M. Plainbain, aged 34, refused an order to sail into Grimsby, he magistrates were told.

Instead he locked himself in his wheelhouse and made for his home port of Boulogne at high speed.

Penalty Officer John Elliott told the court that France Barbary, a deckhand who is charged with assault on Lieutenant Simon Hambrook, the boarding party leader, made gestures as though tying a noose round his neck, offered to throw him overboard, and finally struck him.

M. Plainbain, who pleaded guilty to using illegal means, pleaded not guilty to obstructing an officer and refusing to stop when ordered to do so.

On Wednesday the Crown placed the trawler under arrest until £20,000 is paid for damage caused to the Alderney when the vessels collided.

Two French deckhands were fined £600 and £500 respectively for assaulting members of the Alderney's crew.

### Science report

## Experts split on gas boom theory

From Clive Cookson, Washington

Occasional booms, sounding like distant artillery or thunder but with no apparent natural or artificial cause, have mystified people in many parts of the world.

They have acquired names like the "Barisal guns" in the Ganges delta, "Mist poeifers" off the Belgian coast, and "brontides" in the Apennine Mountains.

In 1979, two American scientists, Dr Thomas Gold and Dr Steven Soter, of Cornell University, put forward a plausible argument that those noises were caused by methane gas escaping from deep in the Earth.

They produced evidence that brontides, the scientific term for unexplained natural booms, were often associated with seismic activity and sometimes preceded big earthquakes.

But in next week's *Science*, Donald Sierman, of the University of California, Riverside, argues against that hypothesis. He believes that hypothermia, he believes that ground noise can be generated by hot enough gas tremors, under certain conditions, to account for brontides, without high pressure gas escaping.

Dr Sierman, quotes recent observations in California of earthquakes which generated loud booming noises without any evidence of gas escaping. Large outcrops of bedrock could transmit the sounds from tremors as small as magnitude 1.

He doubts whether high-pressure gas could burst from the Earth, as Dr Gold and Dr Soter describe, without leaving any trace of its eruption. He questions the ability of rocks to hold enough gas under sufficient pressure.

Finally, he picks apart a few of the historical accounts of gas erupting, particularly from mountain sides, and igniting spontaneously, which the Cornell scientists use as evidence.

However, in the same issue of *Science*, Dr Gold and Dr Soter direct a counter-blast at Dr Sierman. They calculate that brontides, "as loud as several times as loud as some times heard," would require a ground vibration 10 times greater than the threshold for human detection, and that direct sound generation by an earth tremor could occur only under conditions of large outcrops of bare rock.

That mechanism could not be responsible for the "Barisal guns" booming across the alluvial delta of the Ganges.

Dr Gold and Dr Soter dispute Dr Sierman's claim that the release of high-pressure gas would leave a trace. They estimate that a few kilograms of gas at a pressure of several kilobars would make a noise as loud as a stick of dynamite exploding.

If the gas then explodes in the air, ignited by sparks between electrostatically charged dust particles, the sound would be even louder.

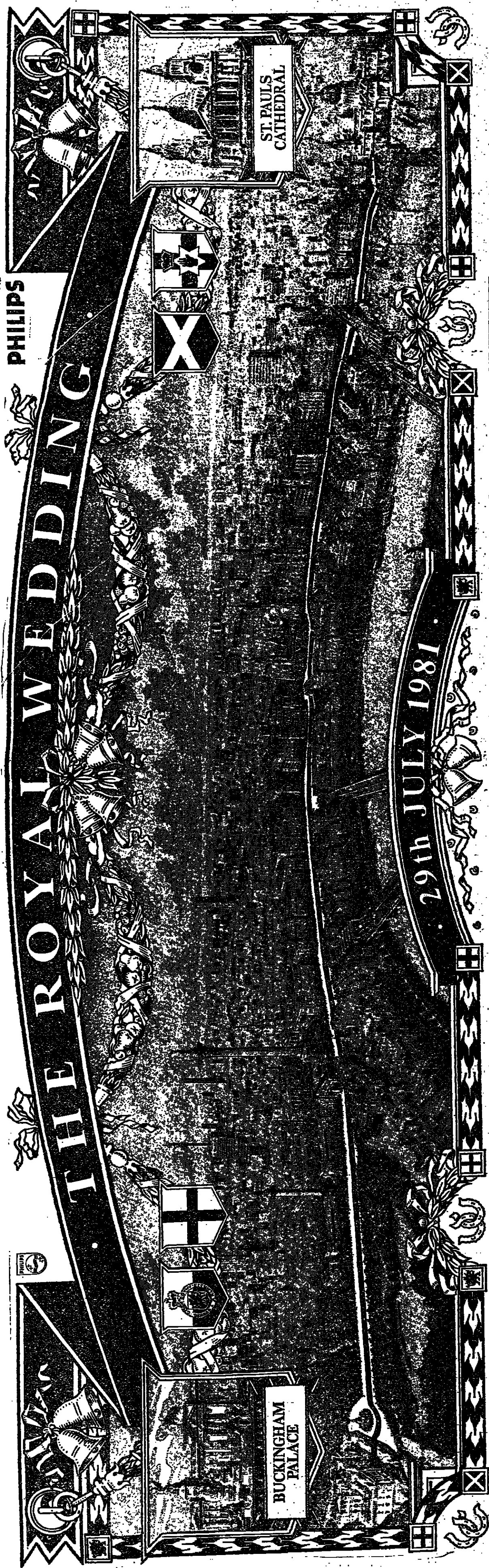
Brontides have been reported less frequently in recent times than in past centuries. Source: *Science*, vol 212, pages 1,296-1,298 (June 12, 1981).

## Successful candidates in Trinity Bars examination

The Council of Legal Education has announced that the following candidates were successful in the Trinity Bars examination, the initial after each name indicates the Inn: L. Lincoln's Inn; I. Inner Temple; M. Middle Temple; G. Gray's Inn.

Class II (in order of merit): D. Gerrans. Class III (in order of merit): D. Gerrans. Class IV (in order of merit): D. Gerrans. Class V (in order of merit): D. Gerrans. Class VI (in order of merit): D. Gerrans. Class VII (in order of merit): D. Gerrans. Class VIII (in order of merit): D. Gerrans. Class IX (in order of merit): D. Gerrans. Class X (in order of merit): D. Gerrans. Class XI (in order of merit): D. Gerrans. Class XII (in order of merit): D. Gerrans. Class XIII (in order of merit): D. Gerrans. Class XIV (in order of merit): D. Gerrans. Class XV (in order of merit): D. Gerrans. Class XVI (in order of merit): D. Gerrans. Class XVII (in order of merit): D. Gerrans. Class XVIII (in order of merit): D. Gerrans. Class XIX (in order of merit): D. Gerrans. Class XX (in order of merit): D. Gerrans. Class XXI (in order of merit): D. Gerrans. Class XXII (in order of merit): D. Gerrans. Class XXIII (in order of merit): D. Gerrans. Class XXIV (in order of merit): D. Gerrans. 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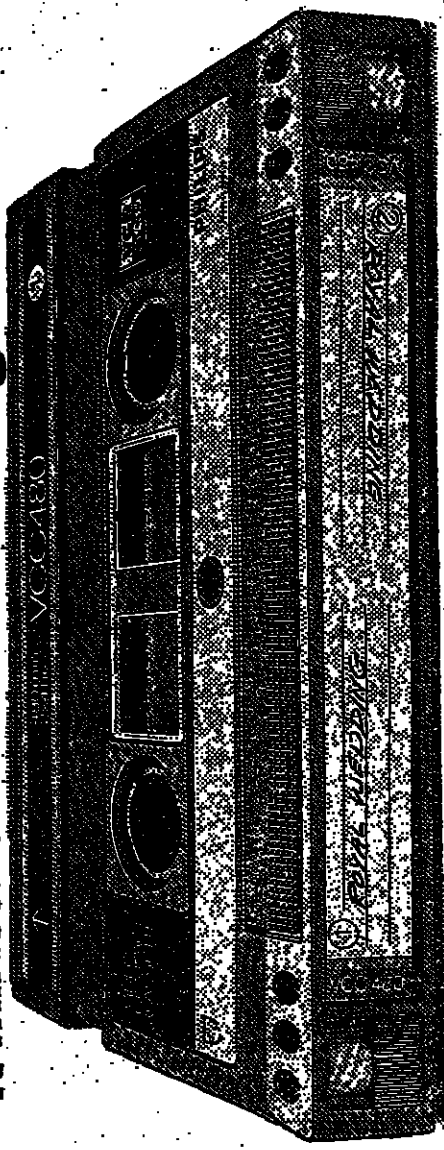
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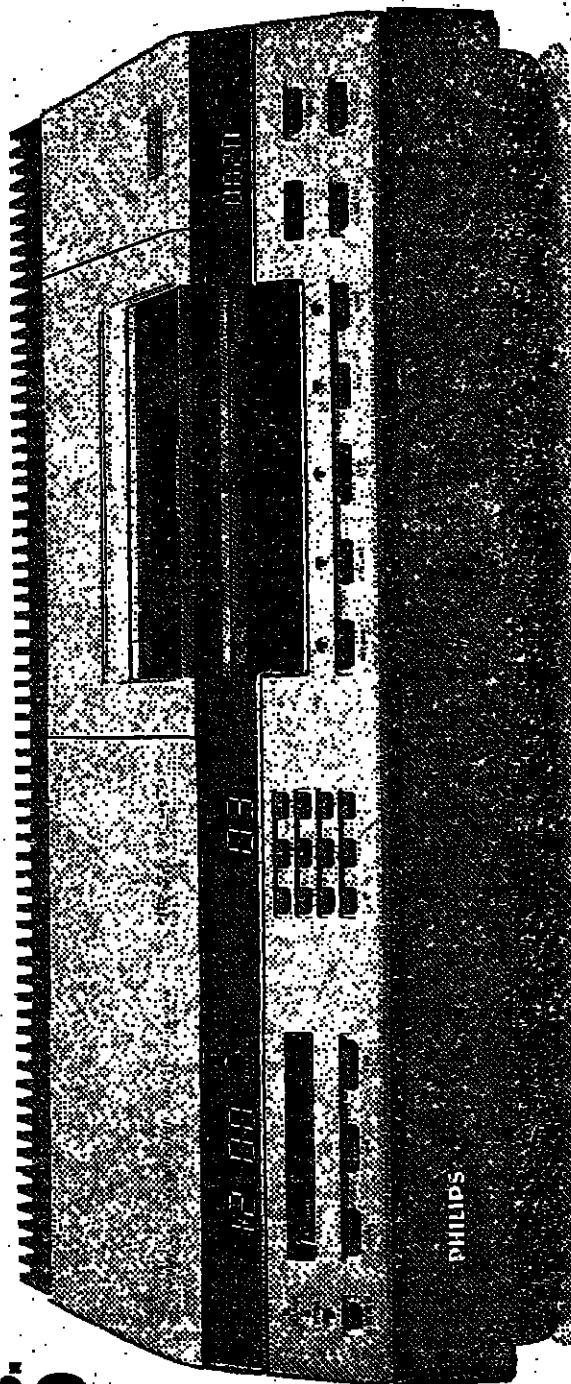
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# US dismayed by European anti-nuclear stand

From Nicholas Ashford, Washington, July 9

The tough line which the United States is adopting towards the Soviet Union is worrying European leaders as the Ottawa summit draws near. They are afraid that the mood of anti-Sovietism in Washington, together with the huge planned increase in American defence spending will undermine attempts to open a new round of talks on limiting medium-range missiles in Europe.

On the American side there is dismay that some European leaders are not prepared to accept assurances made by Mr Alexander Haig, the Secretary of State, and other senior officials that the United States will fulfil its commitment to NATO to enter arms limitation talks with the Soviet Union by the end of this year.

One senior State Department official said a rise in neutralism, pacifism and anti-nuclearism in Europe would undermine America's position in future arms talks with the Soviet Union. On interest rates the Europeans are unlikely to gain any immediate relief. The Americans contend that high interest rates are the consequence of past economic policies and that rates will start to come down only when the economic recovery programme begins to work.

This is a line of argument that Mrs Margaret Thatcher will find easier to accept than some other European leaders.

On the nuclear forces and relations with the Soviet Union, the Americans feel their position is being almost deliberately misunderstood. They point out that it was the Europeans who originally wanted the Pershing and cruise missiles in Europe in order to counter the threat posed by the Soviet SS20s. Yet some European leaders now give the impression that the weapons are being forced on them by an American administration which seems bent on stirring up East-West tension.

The State Department official said that the Russians Administration was determined to maintain its lines of communication with the Soviet Union. As evidence of this he pointed out that Mr Haig had several meetings with Mr Anatoly Dobrynin, the Soviet Ambassador, and that Mr Lawrence Eagleburger, Assistant Secretary of State for

European and Soviet affairs, had been in regular contact with Soviet Embassy officials. "What we are trying to do is to underline to the Russians that there is a new administration here in Washington," the official said. "The game has changed and we are no longer prepared to negotiate on specific issues in a vacuum. There has to be a link between our relations with them and their actions in other parts of the world."

"But even though linkage is a reality, we are still prepared to talk about the nuclear forces while Soviet troops remain in Afghanistan."

Despite the differences which are developing between the United States and its allies the Reagan Administration seems determined to work closely with European leaders on East-West issues.

In particular officials have made it clear that all decisions on theatre nuclear forces and arms limitation will be taken only after close consultation with a special consultative group comprising the United States and its NATO partners.

Sweden told the United Nations Disarmament Committee today that the intensified arms race of the super-powers had created a popular resistance movement which was gaining ground in Western Europe (Alan McGregor writes from Geneva).

Mrs Inga Thorsson, the Swedish delegate, said: "For more and more people the arms race has become an issue of survival."

With about 80 per cent of the super-powers' existing arsenals being overkill capacity such dimensions as to defy rational understanding. The accumulation of weapons manifestly constituted much more of a threat than a protection to the future of mankind."

The new wave of disarmament means the world's peoples are coming to see security and disarmament, not an accumulation of more weapons. To dismiss this movement as a new wave of neutralism is a serious political and political mistake."

The Swedish delegate also criticized the super-powers for their apparent apathy

## Spadolini clears his first hurdle in Italian Senate

From John Earle, Rome, July 9

The Senate today approved by 182 to 124 votes the programme of Senator Giovanni Spadolini's five-party coalition, the first Italian Government for 35 years not to be headed by a Christian Democrat. Debate now moves to the Chamber of Deputies, which is expected to vote its confidence on Saturday.

Senator Spadolini, a Republican, is basing his programme on measures to face what he calls the four emergencies—moral, civil, economic, and the threatening international outlook. A series of events since the debate opened in the Senate has underlined the immediacy of the first three of these.

In the moral emergency, the repercussions of the affair of the P2 masonic group, classed by the Government as a secret organization, led last night to the resignation of Admiral Giovanni Torrisi as Chief of Defence Staff.

The armed forces have been temporarily decapitated until a successor to Torrisi's name is on the P2 list, as are those of a number of other generals and admirals, who have been placed on extended leave.

## New wave of strikes raises tension in Poland

Warsaw, July 9.—Employees of the Polish state airline Lot struck for four hours today, disrupting domestic and international flights. Later they threatened an indefinite strike after the Government refused to accept their nominee for the post of general manager.

Bus and tramway drivers also struck for two hours in Bydgoszcz on the second day of a new wave of strikes, which raised the political temperature before the emergency Communist Party congress scheduled for next week.

The last pre-congress plenum of the party's outgoing Central Committee opens in Warsaw tomorrow.

All domestic flights were cancelled during the stoppage and Lot had to delay the arrival and departure of seven international flights. East German and Soviet flights were also postponed and passengers travelling on Yugoslav and Swiss airlines had to carry their own baggage.

The Government responded to the strike by installing its candidate, Brigadier General Jozef Kowalski, head of an Air Force training college in Debica, near Warsaw, as general manager of Lot. In an official statement, Mr Mieczyslaw Zajfryd, the Transport Minister, said he found the situation "intolerable".

Officials of the Solidarity trade union who waited at the airport through the night, said the marshals had seized a man with a poison gas container and handed him over to the police. No other incidents were reported, and the strike ended

on schedule at midday with some 1,500 passengers and Lot staff jointly singing the national anthem in the departure hall.

The public transport stoppage in Bydgoszcz was staged to threaten the authorities to dismiss the city transport director, Mr Andrzej Antosiak, union officials said. The local Solidarity branch accused him of living beyond his means but the newspaper *Trybuna Ludu* said today that the accusations were groundless.

Today's token stoppages came after a one-hour strike yesterday in the Baltic ports by dockers who are demanding a better deal on pay and conditions and have also threatened an indefinite walk-out.

The Government said today that it hoped to reach agreement with the dockers by the end of the month.

The Warsaw branch of Solidarity today leaked details of what it said were official findings about the dealings of Mr Edward Gierek, the former party leader.

The Supreme Court today ordered the rearrest of three members of the anti-Communist Confederation of Independent Poland, Mr Leszek Moczulski, its leader, and two of his aides, Mr Roman Sienkiewicz and Mr Tadeusz Stankiewicz, who are being tried on charges of plotting the violent overthrow of the Communist system.

Poland's new Roman Catholic Primate Archbishop, Jacek Glemp, said today the church must try to help solve social conflicts. He said he would not hesitate to intervene personally to preserve social peace.



"Damned Communists!"

## French Socialists buoyant

### Scope of changes shakes right

From Ian Murray, Paris, July 9

The new French Socialist Government today confidently put its programme to the test of a parliamentary vote and secured its approval in the National Assembly by 302 votes to 147.

The programme, announced in the course of a two-hour speech yesterday by M Pierre Mauroy, the Prime Minister, includes the need for 17 new laws or reforms to be passed through Parliament in the months to come. Given its huge majority in the National Assembly and the relative prosperity of the country, there is every chance that this whole programme will go through.

In itself the programme contains no surprises and shows that so far the Socialist Party intends, as its leaders have frequently emphasized, to carry out all its promises "no more and no less".

### Bank plans 'economic nonsense'

Thus the reaction from M Francois Ceyrac, the leader of the French employers' federation (CNPF) to the intention to nationalise the banks and 11 industrial groups was confined to a predictable comment. "It makes economic nonsense," he said.

The communist CGT union found no such difficulty. "Let's begin with that and do it well," M Henri Krasucki, its spokesman, said. The socialist CPDT union congratulated M Mauroy on showing the political will to play a full role in solving the great problems facing the country.

On the union side only the CGC, which represents the middle management classes, had reservations about the programme, with real criticism coming essentially from the ranks of the much depleted parties of the right.

Leading the attack for the new Opposition in the National Assembly today M Michel Barnier, the Gaullist member for the Savoie, said the programme would lead inevitably to a collectivist society in which the individual became at once assisted, tied up and controlled by the state.

### Objectives are spelt out

Doctrinal obstinacy, he said, was behind the nationalization programme, while the new taxation levels would mean that overall the French would end up paying half the price for the state.

There was, of course, no such criticism from the Communists. Their parliamentary group leader, M Andre Lajoinie, promised party support for the Socialist programme. Nationalization would create the basis for secure employment and a new growth, he said, adding that the Communists would have preferred the nationalization net to have been cast somewhat wider.

Sure of winning the vote in Parliament, government ministers spent the day explaining parts of the new programme. M Michel Rocard, Minister for Economic Planning, spelt out the six objectives of his first two-year plan, due to start next year. These were: to increase the number of jobs; to guaran-

tee the efficiency of social protection, to help businesses to face up to foreign competition; to re-launch the research effort; to improve everyday work and free time conditions and better the environment; and to assess the economic consequences of reforms such as the reduction of working time.

M Robert Badinter, the Minister of Justice, promised new, freer, more humane and more efficient justice, when he met the press for the first time today. A long-time campaigner against the death penalty, he now has charge of the Justice Ministry at a time when the government programme includes a commitment to do away with the guillotine.

M Badinter has also to prepare legislation to do away with military tribunals and the Court of State Security, to repeal and replace the last Government's disliked "security and liberty" law, and to relax restrictions on homosexuals.

He is also to study the controversial use of high security wings in prisons, which has caused a number of prison riots in the past. A better housing scheme for those who have suffered from criminal injury

is also being worked out. Legal aid is to be improved.

The scope of the proposed changes is seen by commentators to be on the widest possible scale. *Le Figaro*, which is now leading the Opposition, comments in a front-page leading article that the Socialist will be "to break—at once and if possible for ever—the structures of our society". *Le Matin*, the leading socialist paper, said that public opinion could not be disappointed and the promises made would be kept.

One change has already occurred in the National Assembly which has shocked more conservative members.

For the first time ever a deputy dared take his seat in the Palais Bourbon without wearing a necktie. "It was hot and I never wear a tie anyway," M Umberto Battisti, Socialist member for Maubeuge in the Nord, explained.

The National Assembly is itself taking steps to ensure the comfort of its larger members in future. Ninety new wide seats are to be installed for the more corpulent deputies, discreetly scattered in the "middle rows and equally divided up between

### TIMETABLE OF SOCIALIST REFORM

Project	Purpose	Time
Supplementary Budget	Tax on high incomes and windfall profits of oil companies for 60,000 new state jobs.	July 15-16
Court of State Security closure	Bringing all offences under common law, apart from spying.	By the end of July
Decentralization	Administrative structural reforms giving more power to regions.	During current session
Early retirement	Retirement rights from the age of 60.	"In the next few weeks"
Repeal of "Savoyage" law	Widening the membership of political parties.	"Soon"
Bank nationalization	Bringing all credit under state control.	"From the autumn"
Industrial nationalization	Nationalization of 11 industrial groups.	"During the autumn session"
Financial law	Defining 1982 Budget, including creation of tax on large fortunes (but not including tax on property essential for living, such as farms and factories).	During the autumn
Two-year plan	Economic infrastructure schedule for 1982-3 (to be followed by five-year plan from 1983).	In December
Broadcasting reform	New statute ensuring independence of radio and television from state control and allowing licensed local radio.	"In the months to come"
Research programme	Defining financial and priority schedule for the future, integrating with the five-year plan.	Spring, 1982
Legal Reform	Ending military courts, "security and liberty" law, abolition of the death penalty, reform of Superior Council of the Magistrature.	No time scale but likely next year
Tenant protection	New legislation to improve status of tenants.	No time scale but likely next year
Work control	Measures to stop "moonlighting" and help temporary workers.	No time scale but likely next year
Social innovation	Law aimed at making the social sector a basis for improving social conditions.	During next year
Fiscal reform	Making taxation equally dependent according to ability to pay, plus inducements for saving, home-ownership, and self-employed and salaried workers. Death duty control.	Subject to an in-depth and wide-ranging study
Ailing industries	Laws to protect lame duck companies, from specialists.	No time scale
Social security	Balancing the social security budget after an in-depth debate on needs.	Regular annual debate
Immigration control	Regulating intake of immigrants in keeping with bilateral arrangements.	No time scale
Health service	Creation of nationwide medical centre but protection assured for private sector.	No time scale
Education	Creation of a national unified system.	After full consultation with all interested parties

## Washington allows South America loans

From Our Own Correspondent, Washington, July 9

The Reagan Administration has confirmed it will no longer abstain or vote against loans from international development banks to four South American countries controlled by right-wing regimes: Argentina, Chile, Uruguay and Paraguay.

The decision reverses a ruling introduced by the Carter Administration in 1977 to oppose such loans in an attempt to put pressure on Latin-American countries with poor human rights records. The 1977 law says the United States cannot vote in favour of loans

to countries that engage in "gross violations of internationally recognized human rights standards".

The decision means that during this month alone the Reagan Administration will vote to grant \$483.4m (£254m) in loans from the World Bank and the Inter-American Development Bank to the four countries, two-thirds of the total to Argentina.

A letter to Congress the Reagan Administration said that the 1977 human rights legislation did not require the United States to oppose loans to these countries. The Administration

## Mitterrand rejects neutralism

From Charles Hargrove, Paris, July 9

President Mitterrand has again taken a very strong stand on the stationing of Soviet medium-range missiles in Europe. In an interview with the German magazine *Stern* he said: "If I condemn neutralism, it is because I believe peace is linked to the balance of forces in the world."

He said the stationing of Soviet SS20 and Backfire missiles had disrupted this balance in Europe. "I do not accept it, and I admit it is necessary to rearm in order to restore that balance. From that point onwards it will be necessary to negotiate."

The President went on to say that the Soviet proposal to suspend the deployment of its SS20s was a starting point for discussion. "The Russians in this affair practise a policy of elastic withdrawal. They have already altered their stand. It is a very close game which promises that all weakness is eliminated, that one knows when to arm at the right time and when to negotiate at the right time."

He feared two dangers: those of neutralism and those of sub-escalation.

He said he believed and would repeat that the Soviet Union had supremacy in Europe. "I see a real danger in this. But the United States has the means of restoring the balance of forces; and France will not hesitate to build up its nuclear deterrent."

Mitterrand said that the French Communist party's electoral setback was because of the situation in France. But he did not believe to a large degree on the errors of judgment and the political errors of the West. The less it committed anything, towards the workers and towards the Third World, the more the decline of communism would be accelerated.

"Through its intervention in Afghanistan, the Soviet Union for the first time took the risk of an expansionist operation of a colonial type against countries of the Third World, an Islamic one to boot, thus contradicting a policy of 60 years standing which tended to demonstrate that it was their natural champion."

"And this happened at a time when Leninist patterns were being questioned almost everywhere." If it intervened in Poland the Soviet Union must know that this would freeze all prospects of negotiation on détente, disarmament and collective security.

## SOCIALIST PAPER TO CLOSE

From Our Own Correspondent, Paris, July 9

While the French Socialist Party seems to go from strength to strength, *Combat Socialiste*, the daily newspaper it founded five months ago, has proved a financial failure. The executive committee of the party has therefore decided to close it.

According to M Bertrand Delanoë, the party spokesman, the paper is running at a loss and its continued publication would only be possible if the Socialist Party paid all its bills.

"The party just does not have the means, even at the present time, to finance the journal completely," he said.

The tabloid paper employed 26 journalists and their union has protested vehemently against the fact that the Socialist Party launched it "without having seriously studied the question of finance". The party is to try to find new jobs for the 63 staff members and has agreed to pay off all its debts.

When it was launched with backing of 15m francs (£1.3m) in February it was hoped to get 20,000 subscriptions plus 10,000 kiosk sales, but its subscriptions at this high point of French socialism still do not exceed 16,500.

## 10,405 votes give poll victory to Begin

From Christopher Walker, Jerusalem, July 9

The release of Israel's official election results today confirmed an earlier claim by Mr Menachem Begin, the Prime Minister, that with the support of the three religious parties, his ruling right-wing Likud bloc will be able to form a new coalition with 61 seats in the 120-member Knesset.

According to the Central Elections Committee, only 10,405 votes separated the Likud from Labour, enough to give the government the edge with 48 seats to Labour's 47. The turnout was 78 per cent.

Completion of the result has been delayed by the laborious method of vote counting used in Israel, and by the Jewish Sabbath which held up the process for 24 hours. But this has not halted the intense political bargaining which Mr Begin is confident has already guaranteed him sufficient support to remain in power.

Now that the total votes and seat allocations have been officially approved, President Yitzhak Navon is free to begin the process of consultations with leaders of all the factions which will be represented in the tenth Knesset.

There seems no doubt that after the talks have taken place next week the President will call on Mr Begin to form the next Government. If the Prime Minister does not succeed in the first 21-day period allotted to him, he is then given a further length of time before the task is given to the leader of another party.

All three religious parties, Agudat Israel, the National Religious Party (NRP) and Tami, have already declared a strong preference for supporting a new right-wing coalition rather than helping Mr Shimon Peres, leader of the opposition Labour Party to establish a left-wing administration.

Hectic political horse trading is now taking place daily at a series of secret meetings at which each of the three parties is laying down its demands, both in terms of government posts and the religious-inspired legislation that is the traditional price paid for voting support.

It has already become clear that the influence of Orthodox Jews is going to increase considerably in many spheres of Israeli life, as well as causing

concern to the secular majority of the population, the fact is also worrying conservative and Reform Jewish leaders.

The three representing these two strands of Judaism today voiced anger at a suggestion that the next Government will rush through legislation to prevent anyone converted to Reform or conservative rabbinism abroad being recognized as Jews with the right of return to Israel.

As soon as President Navon has formally requested Mr Begin to form a Cabinet, the infighting between the various coalition elements over the distribution of seats is expected to begin in earnest.

Already the NRP has issued a private ultimatum that it will not support a coalition unless it retains its traditional hold on the Religious Affairs Ministry. Another point of contention is the appointment to appoint the controversial former general, Mr Ariel Sharon, to the key post of Defence Minister.

Although government sources believe that the Prime Minister has already overcome political opposition to the map appointment, there are reports that the appointment would be strongly resisted by many senior officers of the Army, Navy and Air Force.

Apart from objections to his ultra-hawkish political views, there is also understood to be resentment at his declared intention of introducing drastic cuts in the defence budget.

At a secret meeting, Mr Philip Habib, the United States special envoy, met President Elias Sarskis of Lebanon, to discuss developments in Lebanon and in the Arab world. Beirut radio said that Mr Habib refused to comment on the substance of the one hour and 45 minutes of talks.

## Cambodian campaign ill described by deserter

By Henry Stanhope, Defence Correspondent

A Vietnamese artillery officer who fled to Thailand and has accused the Vietnamese Army of using chemical weapons in its operations inside Cambodia and of spearheading its country's policy of dominating south-east Asia.

Captain Nguyen Quan, aged 36, also told Western journalists in Bangkok that his former comrades were short of food, medicine and morale—everything in fact, except Soviet advisers who abounded at divisional and regimental levels without ever becoming involved in the fighting.

Captain Quan, who had been with the 28th artillery regiment in the Vietnamese 5th Division described the chemical weapons as canisters of a gas which attacked the respiratory system. Their use was widespread in central Cambodia, he said. The Vietnamese Army tried to flush out the pockets of the Khmer Rouge soon after invading the country in December, 1978.

He was one of three soldiers who held a press conference yesterday, mostly named by Bangkok authorities for publicity ahead of the five-day United Nations conference on Cambodia, which will open in New York on Monday to consider peace proposals submitted by the Association of South-East Asian Nations (Lord Carrington will support the proposals on behalf of the European Community.)

Captain Quan's narrative largely tallies with western intelligence reports which indicate that the Cambodian campaign of the People's Army of Vietnam is in some difficulties. Many of the troops are South Vietnamese who have little enthusiasm for the cause, and hundreds are said to be deserting every year, either to Thailand or to the United States.

Reinforcement would have to come either from untrained units in Vietnam itself, or from the 25 to 30 divisions, embodying the cream of the Vietnamese Army, who are now on the Cambodian frontier.

Any thinning down of the frontier, however, would be interpreted by the Chinese as a sign of weakness and could encourage a second Chinese incursion.

The Vietnamese have five divisions incorporating 50,000 men in Laos. So short are they now of trained personnel that a division has had to be drawn from Cambodia to deal with insurgents in the Central Highlands of Vietnam itself.

## Plagiarism suit filed over Steven Spielberg film

From Ivor Davis, Los Angeles, July 9

One of the biggest successes of this summer's film season has been the ream of George Lucas, a producer—who made *Star Wars* and its sequel, *The Empire Strikes Back*—with Steven Spielberg, a director whose successes include *Jaws* and *Close Encounters of the Third Kind*.

Their new picture, *Raiders of the Lost Ark*, which opens in Britain this month, has taken more than \$4.6m (£1.3m) at the box office in less than a month. Yesterday Mr Robert Kuhn, a Los Angeles archaeologist filed a law suit seeking \$10m damages, claiming that Mr Lucas stole his idea. Joining Mr Kuhn in his suit are Mr Stanley Rader, a lawyer, who says he promoted the screen play and novel in Hollywood and Mr Henry Cornwall, who said he planned to market it.

They say it was Mr Kuhn's idea to make a picture about the fictional discovery of the Ark of the Covenant, said to contain the tablets on which the Ten Commandments were inscribed. They claim that Mr Lucas got his idea from a Hollywood agent, Mr Ben Benjamin, who had been approached to sell the idea by Lucas and Philip Karman, who claim to be the true discoverers of the Ark. Mr Benjamin told Mr Kuhn that no one was interested in making a film

about the Ark. Mr Kuhn and Mr Rader claim that Mr Lucas has stolen their idea without paying for it.

Mr Rader said he expected to get \$200m as a result of the suit. "We shall prevail. We have the facts and the living God on our side."



## Rajai clear favourite for Iran presidency

Tehran, July 9.—Mr. Muḥammad Ali Rajai, the Prime Minister, a former teacher who allied himself with Iran's hard-line Islamic clergy, today became the favourite to replace Mr. Abolbassan Bani-Sadr as the country's president.

Mr. Rajai, aged 48, was named the candidate of the ruling Islamic Republican Party (IRP) in the election on July 24 and also won the endorsement of several other revolutionary and religious groups.

Mr. Rajai has not yet officially declared his candidacy but, two days after Mr. Bani-Sadr was dismissed as president on June 22 for political incompetence, he said publicly: "If the people wish it, I will take this post."

Observers here suggested that since Mr. Rajai was such a strong candidate, the suspense in the vote would be a measure of the support the Islamic regime has in its fight against backers of Mr. Bani-Sadr and other opponents.

Mr. Rajai's election would be somewhat ironic, since he would assume the presidency after working vigorously to strip away its powers since becoming Prime Minister last August.

Although not a member of the IRP, he supported its moves to consolidate authority in Parliament, the Majlis, and place the President "under surveillance."

Mr. Rajai, praised by Ayatollah Khomeini for having "more wisdom than knowledge", was

chosen Prime Minister as a compromise between the Islamic fundamentalists and Mr. Bani-Sadr. He joined the Iranian Air Force at 16, later became a teacher and joined the liberation movement led by Mr. Mohd. Baqer, who was to head the first secular government after the fall of the Shah in 1979.

Mr. Rajai was arrested several times by the Shah's secret police, Savak, and spent two years in prison. He became Education Minister under Mr. Bani-Sadr and later the department of anti-Islamic elements. He was elected to the Majlis in March 1980, joining a group of legislators that allied itself with the IRP headed by Ayatollah Mohammad Beheshti, who was killed in a bomb attack last month.

He quickly won a reputation as a model "maktabi", or pious Islamicist devoted completely to the principles of Ayatollah Khomeini.

Although he was chosen Prime Minister on August 11 last year, he was then unable to form a cabinet because of his constant bickering with Mr. Bani-Sadr, who opposed his efforts to take over the Foreign Ministry. The Majlis finally gave Mr. Rajai the portfolio on an interim basis.

Six clerical members are also candidates for the presidency, the Interior Ministry said, as well as one IRP member, Parliament's vice-chairman, Mr. Ali Akbar Parvaneh, who said he was running as an individual without party backing.

Mr. Bani-Sadr, who now heads

## Muldoon defends rugby tour stand

From W. P. Reeves  
Wellington, July 9

Mr. Robert Muldoon, the Prime Minister, has told Commonwealth critics of his Government's policy on sporting contacts with South Africa that New Zealand "will not be labelled an international pariah simply because we uphold the principle of freedom of movement and freedom from interference for our sportsmen and sporting bodies."

His statement is contained in correspondence released today, between the Prime Minister and seven African and Caribbean countries—Antigua, Lesotho, Jamaica, Tanzania, Nigeria, Zambia and Botswana.

The material, all of it dated last month, includes a statement conveyed to Commonwealth governments by New Zealand's Foreign Minister, Mr. Geoffrey Palmer, stating that the tour of New Zealand by a South African rugby team was due to begin this month, would constitute a flagrant violation of the United Nations' declaration against apartheid in sport and a reckless breach of the Gleneagles agreement to both of which New Zealand subscribed.

Mr. Muldoon denied that his government had breached the agreement. He put forward the idea of a trade embargo against South Africa in letters to Mr. Robert Mugabe, the Prime Minister of Zimbabwe, and Dr. Julius Nyerere, the Tanzanian President.

To Mr. Mugabe he wrote: "If the Commonwealth decided to impose a trade embargo my government could and would comply, albeit reluctantly."

To President Nyerere he wrote: "I believe a trade boycott would have great impact but so far no international body has yet been able to agree on implementing such policy."

Mr. Muldoon said today: "I thought I should raise this question because I think Africans particularly are taking what is for them the easy way out by going in for restriction of sports with South Africa and African states was large, he said.

Tomorrow the Rugby Union Council will give what will probably be the last word on the idea of a trade embargo to withdraw its invitation to the Springboks.

Port Moresby: Sir Julius Chan, the Prime Minister of Papua New Guinea, announced today that he was going ahead with the Springboks' tour of New Zealand next week, despite the impending Springboks' tour (Agence France-Presse reports).

Sir Julius said he would have ample opportunity to reiterate his concerns and to point out to the Springboks' tour as having serious implications for the future of the bilateral trade was the more important aspect of his visit, he said, but he reiterated his Government's opposition to the tour.

Papua New Guinea would not boycott the Brisbane games, because the world does not stop because of a football team."

## Pentagon decides to sell 54 tanks to Tunisia

From Nicholas Ashford, Washington, July 9

As part of its policy of assisting countries that stand up to Libya, the Pentagon has announced that it intends to sell 54 M60 A3 tanks to Tunisia.

A Pentagon spokesman said today the proposed sale was designed to help Tunisia defend itself against the Libyan threat, he said, been amply demonstrated by the Libyan-backed dissident attack on the Tunisian city of Gafsa in January last year.

The sale of the tanks would be the largest arms deal the United States has concluded with Tunisia for several years. However, Pentagon sources emphasized that the deal, which still has to be approved by Congress, would not upset the military balance in the region.

Tunisia has about 60 ageing French AMX and American M41 tanks, compared with about 2,400 medium Soviet-built tanks possessed by Libya.

Testifying before the Senate Foreign Relations Committee yesterday, Mr. Christopher Crocker, the Assistant Secretary of State for African affairs, said that while it was up to African countries themselves to stand firm against Libyan subversion,

## Paris talks revive friendship

From Charles Hargrove  
Paris, July 9

Mr. Félix Houphouët-Boigny, the President of the Ivory Coast, who is often described as the Sage of Africa, today became the first African head of state to be received at the Elysée Palace by President Mitterrand.

The meeting was very friendly, as befits two men who have known one another well for 30 years.

Today's meeting also marked the injection of more warmth into Franco-Ivorian relations, which had been cool since President Giscard d'Estaing's visit to Abidjan in 1978.

The Ivorian head of state, who has repeatedly expressed concern about the failure of the French Government to contain Libyan subversion in Chad and other parts of central Africa.

When Mr. Mitterrand was elected President in 1981, he was warmly congratulated by Houphouët-Boigny, who expressed the hope that "the sense of justice which you have always shown will lead France to support the just demands of African countries in their struggle against exploitation and for just remuneration for their labour."

Mr. Houphouët-Boigny declared as he left the Elysée Palace that he was very happy and comforted by his talks with President Mitterrand.

Mr. Mitterrand, on his side, insisted that he was anxious, for reasons of their old friendship, that Mr. Houphouët-Boigny should be the first African head of state to be received in Paris.

Mr. Houphouët-Boigny, who has been in France for more than three hours, he said, "and had a lot to say about the future of our two countries, of Africa and Europe, and of peace in the world."

One thing the two presidents discussed today was the financial aspect of Franco-Ivorian economic cooperation, which is very substantial (one third of the French cooperation budget goes to the Ivory Coast); and the problem raised by the failure of Ivory Coast, which is the world's largest producer of cocoa, to sign the international commodity agreement.

The fall in cocoa prices since 1978 has meant a sharp cut in revenue for the Ivory Coast. From 1985, oil production is expected to take over from cocoa as the main force in the Ivorian economy.

## Eight ministers face axe in Nigeria coalition crisis

From Our Correspondent, Lagos, July 9

With the collapse of Nigeria's two-party coalition, the dominant National Party has called on ministers of the People's Party to resign immediately.

The ministers affected are Foreign Affairs, Education, Civil Aviation and Sports, as well as four ministers of state—Interior, Communications, Labour and Finance. The most senior, Professor Ishaya Audu, the Foreign Minister, was yesterday on an official visit to Bulgaria.

However, a spokesman for president Shagari said today that it was not certain that all the People's Party ministers would automatically cease to hold office.

Under Nigeria's constitution the Cabinet is chosen on merit and not party allegiance. The spokesman said that some of the ministers could be retained because of their outstanding records, provided they broke with

## NZ budget increases beer price

From Our Correspondent  
Wellington, July 9

The budget presented to Parliament tonight by Mr. Robert Muldoon, the New Zealand Prime Minister and Minister of Finance, forecasted a year of stagnation, with virtually no growth since the first oil crisis.

The budget predicts a growth rate of 3 per cent a year throughout the 1980s.

The Government is promoting the development of new industries, mainly on natural gas found off the Taranaki coast but it also assured farmers, forestry, manufacturing and fishing industries that their investment needs would not be overlooked.

New duties will raise the price of a packet of 20 cigarettes by 7 cents to \$NZ1.05, a litre of beer by 3 cents to \$NZ1.41 and the price of spirits will also go up.

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## Man in the News Poet makes an indecisive president

From Karan Thapar, Lagos, July 9

President Alhaji Shehu Shagari, whose ruling National Party has just been deserted by its coalition partner, is a paradox in the cut-and-thrust world of Nigerian politics.

With the Nigerian People's Party now becoming the fourth party in opposition against him, President Shagari will carry on as best he can under the country's American-style constitution, which does not oblige his party to have an absolute majority in the National Assembly.

Yet among ambitious colleagues and rivals, President Shagari has never shown a burning desire to hold office.

In a nation noted for his integrity, in a gregarious society he is retiring, reticent and reflective. And in a materialist milieu he is deeply religious and a regarded Hausa poet.

These are President Shagari's strengths. Unfortunately, 21 months after Nigeria's return to civilian rule these are seen to be insufficient. As a politician he is respected but not admired. Like Mr. Jimmy Carter he is acknowledged as a simple

and sincere but also ineffective politician. President Shagari's style has been lofty and remote. His tactics have been to ride out Nigeria's many crises by doing nothing. He is tolerant of criticism and always democratic, but he has proved indecisive and the Government gives the appearance of drifting.

In the 21 months that the President has been in power, the country has been rocked by an oil scandal over alleged embezzlement of \$2,800m (£1,435m), quarrels over revenue allocation and constant threats to his coalition.

Senators and representatives chest and squabble while the budget runs into deficit. Governors challenge the President in court, while their own legislatures are in disarray. Snuff, gambling, corruption and armed robbery are increasing while textile, cocoa, groundnut and palm oil production is steadily running down.

In foreign policy, the absence of any clear framework for Nigeria's initiative over the Libyan involvement has caused Chad civil war to paint itself into a corner. President Shagari's critics say he suffered from the



Mr. Shagari: A paradox in Nigerian politics.



## Spacecraft prepares for second Saturn close-up

Voyager 2 has sent back its first photographs of Saturn during its approach to the planet on June 28. The spacecraft was launched in August 1977 and has already passed Jupiter on its way to the outer planets of the solar system.

Voyager 1, launched later on a faster trajectory overtook Voyager 2 in December 1977 and has already sent back close-up photographs of Jupiter and Saturn.

Voyager 2 will pass its closest to Saturn on August 25 but will not approach as near as Voyager 1. On the off-chance that the craft will meet intelligent life, Voyager 2 carries a 12in copper record of the former American president, Mr. Jimmy Carter and Dr. Khr. Waldheim, Secretary-General of the United Nations, and diagrams and pictures of the Earth's biology and geology.

## Trial date in Broglie case fixed

From Our Own Correspondent  
Paris, July 9

The change of government may give a new impetus to legal proceedings in the still unresolved case of the murder of Prince Jean de Broglie, the prominent leader of the Republican Party, who was assassinated in broad daylight in Paris in December 1976. The Chamber of Appeal has decided to send for trial before the Paris assizes next November four of the persons charged in the case and detained for the past four and a half years.

One of the accused, M. Gérard Broche, aged 36, who is charged with murder, has confessed to being paid 50,000 francs (£4,500) to shoot the politician. Two of the others are M. Guy Simone, aged 38, a former police inspector, who allegedly acted as a go-between, and M. Pierre de Varga, aged 61, a former business associate of the victim, who is accused of instigating the crime. They are charged with complicity to murder.

The Broglie affair developed last year into a political and police scandal when the satirical weekly, *Le Canard Enchaîné*, alleged that senior officials had knowledge of plans to murder the prince and that the Minister of the Interior, M. Jacques Foccart, took no precautions to prevent it.

A parliamentary commission of inquiry was set up in 1979 to investigate the political responsibilities involved, but it came to no conclusion. Three successive judicial investigations were also made into the case, including one by a member of the Court of Appeal. It is on the basis of these investigations that the Chamber of Accusations gave its ruling.

## Hundreds die in Ghana tribal massacre

Wulensi, Ghana, July 9.—A small but bitter tribal fighting in northern Ghana last month in which hundreds died and thousands were made homeless.

Eyewitnesses in the village of Wulensi, about 175 miles north of Accra, said that warriors of the Konkomba tribe started in just after dawn on June 21, killing more than 500 members of the rival Nanton tribe with guns, bows and arrows and cutlasses and burning down their homes.

Reports said that 520 bodies of men, women and children had been buried. Police and troops who moved in to put down the fighting said that more than 200 and 300 more people might have died in neighbouring villages.

With the Nanton refusing to work their farms or travel in the area without army protection, the planting of yams, the staple crop of Ghana, has been disrupted, opening up the prospect of famine next year.

The Government has declared the region a disaster area and set up a national committee to coordinate relief work and banned the carrying of arms, the Ghana News Agency said.

President Hilla Limann is to visit the area at the weekend.

The trouble started in late April, according to the agency, when a brawl in a beer bar between two men, a Nanton and a Konkomba, in the Nanton district capital of Bimbilla. Local people were reluctant to discuss the incident but reports said the fight, which involved the son of the local Nanton chief, was over a girl.

In recent years, educated Konkombas have claimed that their basic human rights are infringed by the subordination of their semi-nomadic tribe to Nanton domination. The Nanton claim a right to appoint chiefs to Konkomba villages and to extract tribute in the form of unpaid labour.

For their part, the Nanton assert that their customs and traditions have been violated by Konkombas who have settled in their tribal areas.

A chicken picked its way among the blood-soaked clothing of the 100 or so people who died after seeking refuge within its walls.

Eyewitnesses said the Konkomba agreed to respect the sanctuaries of the police station until one of those who had fled there opened fire on them.

The Army managed however, to protect Bimbilla from attack by surrounding tribesmen, but a truce monitored by the Army, but the situation is still tense. Government services have all but stopped in Bimbilla as the civil servants who fled the town have not yet returned.

Bimbilla streets team with refugees from the fighting which has made an estimated 20,000 people homeless. More arrive every day with their belongings.

Food is running critically low. There are no relief workers. A doctor arrived 10 days after the fighting stopped. Emergency medical care was given by untrained people at the Roman Catholic mission. Critically injured people were driven 100 miles over rough roads to Tamale.—Reuter.

## Moscow stirred by its first rock opera

From Michael Binyon  
Moscow, July 9

Dressed all in black, the rock group took up positions, leaning the stage. A red and blue laser beam pulsing through the theatre, and with flashing lights, deafening percussion and clouds of dry ice smoke, the band of hard rock music gave way to the amplified chant of Russian Orthodox church music as the youthful cast in white monk robes came in procession on to the stage.

The first full rock opera staged in Moscow buffeted the young and chic in the packed theatre from the opening minutes. The "Vostok" premiere, already sending a buzz through the arts world, set the seal of official acceptance of Western-style rock music in the citadels of Soviet culture.

*Love and Perchance*, a two-act rock tragedy based on the true story of a Russian sea captain's love for a Californian Spanish girl in 1806, drew names in the Soviet arts world today. The lyrics are by Andrei Voznesensky, arguably the greatest living Russian poet and the choreography is by Vladimir Bolshoi Ballet dancer. The show is directed by Mark Zakharov, one of Moscow's more adventurous theatre directors.

The opera, having battled its way past dubious censors, seems to have become the sensation of the autumn season, when it is to begin its run.

It is based on a poem Voznesensky wrote in 1972 about a Russian naval expedition that reached San Francisco when the town was Spanish. The Orthodox captain fell in love with the governor's daughter, a Roman Catholic. He overcame objections and was engaged, but was ordered to leave by the tsar.

He promised to return to marry the girl, but died crossing Siberia by horse two years later. She waited for him for 35 years before learning of his death and immuring herself in a convent.

As with all innovative Soviet theatre, the opera is laden with political and social significance that reaches beyond the theatre walls. A love story is set against a clear parallel of Soviet-American relations.

More than once there are references to the tense international situation. "The captain's dream is that he tried to link Russia and America, but the adventure did not succeed. It was still worth trying."

The Russian Church, more than ever making its quiet influence felt in Soviet life now, plays a central role. The famous Russian symbol, the Madonna of Kazan, is ever present. The ritual chants lead straight into contemporary life as a synthesizer and percussion turn the rhythm of the liturgy into a pop music refrain reminiscent of *Godspell* and *Jesus Christ Superstar*.

Indeed, the borrowings from the Western youth revolt musicals of the 1960s are striking. There is a fairly explicit love scene where rock harmony and dissonance mingle, a haunting duet based on Voznesensky's poetry, and a disco-style lighting, shimmering through the plastic stage floor.

At the end of the cast ensemble on stage, discard their costumes—though not all their clothes—and sing "Alekha to love" as a kind of universal anthem.

Voznesensky, a respected and much-travelled poet, has only recently emerged from a cloud of official disapproval after he supported a group of writers who cried to publish a collection of uncensored poetry. For him the rock opera is something new and the rest of the cast received thunderous applause yesterday.

Voznesensky, elected two weeks ago to the board of the official Writers' Union, has increasingly been drawn to the pop culture—the best-selling pop records of last year.

Last year he was unable to accept an invitation to a poetry reading in London, but he will visit Britain to give readings from *Love and Perchance*—the name of the captain's ship—the name of the Brannhouse in London in November.

## DISSIDENT JAILED

Prague, July 9.—Mr. Jiri Grunvald, a signatory of the Charter 77 human rights document, was jailed for four years and sentenced to three years of forced residence for subversive activity, including editing unofficial documents.

## MISSILES SEIZED IN NAMIBIA

Windhoek, July 9.—Security forces last night killed another 16 black guerrillas in Namibia and seized arms and ammunition which included Sam 7 missiles, Major General Charles Lloyd, the South African commander, said today.

The announcement brings to 98 the number of insurgents killed in clashes with the security forces since the beginning of July, and to 662 the number killed since the beginning of the year.

General Lloyd said that none of his men was lost during the clash and that the South Africans captured a large quantity of Soviet-made equipment.

AP and Agence France-Presse.

## LIQUOR TOLL REACHES 245

Delhi, July 9.—The death toll in India's illicit liquor poisoning rose to 245 today as victims were still being taken to hospital in the southern city of Bangalore.

The disaster also hit Mysore, 80 miles from Bangalore, where 16 people were killed by the same poisons.

Police have arrested 60 people on charges of selling the lethal drink, believed to contain methyl alcohol.

## Harijans seek solace in Islam

From Trevor Fishlock, Delhi, July 9

The Indian Government has promised Harijans to find out why hundreds of Hindu villagers in south India have suddenly become Muslims.

The converts are all Harijans, Mahatma Gandhi's term for Untouchables the lowest order in the caste system. Their defection, regarded by some Hindus as alarming, is primarily a protest against the way Harijans are humiliated by society.

Although the concept of untouchability is outlawed, millions of Harijans in rural India still live in a complex, extrajudicial system that has been their lot for thousands of years.

The development of education and urban society in recent years has gone some way to softening caste differences in cities. But in the countryside, where most people live, Harijans are still expected to "know their place" at the bottom of the social scale. They live on the fringes of villages, draw water from their own wells, do most of the menial jobs and have to avoid "polluting the air" the higher castes breathe.

Harijans are not allowed to run stalls or barber shops, have to remove their shoes when passing through higher caste districts and are not allowed to wear shirts. They are also often brutally ill-treated by landlords, foremen and policemen.

It seems clear that the defections spring from deep-seated feelings about the oppression under which the villagers have lived with little hope of relief.

Concerned about the conversions to Islam, MPs have called for a quota system which guarantees them jobs, school places and legislative representation.

The Harijans' economic lot is hardly likely to improve after conversion to Islam. Muslims tend to be in the poorer section of society, and like the supposedly casteless Sikhs, have developed their own kind of caste system.



## PARLIAMENT July 9 1981

## Parents face fines threat

## CIVIL DISORDERS

Steps the Government are taking in the aftermath of the recent riots in Liverpool and London were outlined during noisy and at times angry exchanges involving the Prime Minister at question time in the Commons.

The Government was looking at any changes in the law which might be possible.

We are also looking at looking at ways in which compensation could be paid as quickly as possible to those whose property had been gutted in the riots.

We will be looking at everything we can do to try to improve the general environment of the areas. The irony is that in Liverpool, these matters have occurred in an area where a great deal of money has been poured in through the urban programme and in housing.

The thing is to get the money used better and in a more humane way than in the past.

During questions to Home Office minister, Mr. Patrick Mayhew, Minister of State, Home Office, announced that the Government intended to introduce legislation to give the courts powers to inflict heavy fines upon the parents of youngsters convicted of causing damage.

There is to be a debate on civil disorder in Britain next Thursday. Mr. Michael Brown (Brig and Scudborough, C) began questions to Mr. Mayhew.

Considering the maintenance of law and order and continuing spread of violence, would the Secretary consider the possibility of introducing legislation to prevent arson, looting and the unprecedented attacks made on police?

Mr. Mayhew: I am wholly ready with him in his desire fully to support the police and see that they have every facility available which they need.

The Home Secretary fully endorses the use of CS gas in Merseyside. We need to consider what other equipment police may need and the use of water cannon is certainly not ruled out.

Mr. Joe Ashton (Bassetlaw, Lab): What is the logic in spending £5,000 on Trident missiles to protect us against nuclear attack when we have not smashed one shop window, and yet our cities have

been financed by sales of misleading unemployed youths on whom she is not spending an extra tuppence halfpenny to find work?

Mr. Mayhew: That is an absurd question from a person who sits behind a government which put into effect Chevaline and all the time believed in an independent nuclear deterrent.

Mr. Ian Lloyd (Havant and Waterlooville, C): Since any MP who is behind a government which put into effect Chevaline and all the time believed in an independent nuclear deterrent.

There are a considerable number of places in polytechnics which were meant to take charge of vocational training to a greater extent than universities.

Some Labour MPs seem to be conducting violence... (Lord Labour protests). To suggest rioting in Liverpool because of a few students is totally ridiculous.

Many people feel we are not taking seriously enough this question of support of the police, and the fact that once a state loses the monopoly of violence other people will take it. That is the danger.

Mr. Mayhew: I hope that no one in this House—no one on this side—either condones or excuses violence on the scale which we have seen recently. It is totally unacceptable and totally unjustifiable.

This Government, in particular, and especially the Home Secretary, have given every support to the police and the rest of the country, their arduous and dangerous duties.

We have increased the numbers in the police in England and Wales by some 5,000. Their morale is good and they are carrying out their duties superbly. We must support them to the hilt.

Has the Prime Minister had a night on higher education and its relevance to these matters? Does she and her colleagues, in the light of the situation, intend to proceed with the act of barbarism and cut university places which is proposed?

Mr. Mayhew: I must take issue with that. The Government has increased the number of places in universities by 500 per cent since 1960, but equally places in universities have gone up enormously since that time. There is no connection between the two.

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her proposals for higher education. Mrs. Thatcher: The latest programme of the University Grants Committee provides for an increase in science and technology places. In that respect Mr. Foot's point is fully met.

There are a considerable number of places in polytechnics which were meant to take charge of vocational training to a greater extent than universities.

Some Labour MPs seem to be conducting violence... (Lord Labour protests). To suggest rioting in Liverpool because of a few students is totally ridiculous.

Many people feel we are not taking seriously enough this question of support of the police, and the fact that once a state loses the monopoly of violence other people will take it. That is the danger.

Mr. Mayhew: I hope that no one in this House—no one on this side—either condones or excuses violence on the scale which we have seen recently. It is totally unacceptable and totally unjustifiable.

This Government, in particular, and especially the Home Secretary, have given every support to the police and the rest of the country, their arduous and dangerous duties.

We have increased the numbers in the police in England and Wales by some 5,000. Their morale is good and they are carrying out their duties superbly. We must support them to the hilt.

Has the Prime Minister had a night on higher education and its relevance to these matters? Does she and her colleagues, in the light of the situation, intend to proceed with the act of barbarism and cut university places which is proposed?

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priority to the youth opportunities programme. In a particular area where violence and rioting has occurred, a great deal of that money has been used by the police who are actually of school age—some of the age of 5-16. It is nothing whatever to do with the riots.

Of course we will try to find all possible jobs but again in that particular area the history of labour relations does not encourage firms to go there... (Lord Labour protests). That is why we have to have so much emphasis on small businesses.

Mr. James Pausley (Rugby, C): The recent breakdown of law and order in certain of our cities calls for a more positive reaction than the supply of helmets to our police.

Will she take steps to consider the reintroduction of corporal punishment for those aged under 18 for a trial period of three years?

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## Labour pledge on ordnance factories

## DEFENCE

A Labour Government would take back any Royal Ordnance factories sold off to private enterprise on terms that guaranteed the purchasers derived no financial benefit from the sale.

Mr. Arthur Dawson, an Opposition spokesman on defence (Accrington, Lab) said when he opened a debate on the Army.

He said it was shameful and an affront to the loyal, dedicated, and highly skilled work force in the Royal Ordnance factories that the Government should have created a cloud of uncertainty over their future by initiating a policy of privatisation. The Government seemed set on the course of privatisation.

Mr. Robert Crier (Killingly, Lab): On the same basis the minister ought to be selling off the Army to Scotland. There is no reason to stop at the Royal Ordnance factories. The army could be on the same principle. (Laughter.)

Mr. Dawson: I do not agree with selling off the Army, the Navy or the Royal Ordnance factories. The unions strongly opposed to anything in the nature of privatisation.

The Labour Party will fight privatisation, together with them, by all means in our power.

Mr. Dawson: I do not agree with selling off the Army, the Navy or the Royal Ordnance factories. The unions strongly opposed to anything in the nature of privatisation.

There were a number of possible ways in which the private industry could with advantage play a greater part, but a number of factors had still to be explored. In reaching a decision, the Government would seek to provide greater safety and job opportunities for the factories for the benefit of defence.

It had been decided to place a contract for developing new night sights for the Chieftain tanks with Barr and Stroud of Glasgow, which would provide a new capability to engage the enemy at night. The equipment would enter service in 1982.

By the middle of the decade it was expected that the holdings of helicopter-borne anti-tank missiles would be increased by a factor of 10.

The Army would have a healthy and broad-based equipment programme through the 1980s. However, increased expenditure would be needed to replace some manpower reductions. The Army's training strength was planned to be reduced by up to about 7,000 men and to some 135,000 by 1986.

The debate was concluded.

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The bulk of the reduction was expected to be achieved through savings in the Army's infrastructure and support organisation, particularly its headquarters, training and general management structure. The reduction in numbers would be achieved as far as possible through natural wastage.

Last year was the best for recruiting for 10 years. The outflow of trained soldiers had dropped dramatically. Fewer soldiers were leaving than at any time since the Army became an all-volunteer force in 1962. So it sought high standards in recruitment.

The Territorial Army would be increased by 15,000 men and women, raising its strength towards the end of the decade to 80,000.

Mr. Julian Critchley (Aldershot, C) said there were two arguments which had not yet been advanced in favour of this country having its own defence. One was that if



In this final extract, Mohamed Heikal considers what may be Khomeini's legacy to Iran and asks

## Who will succeed the Ayatollah?

Khomeini is extremely shrewd, but his single-mindedness at times leads him to adopt attitudes which can only make one gasp. "The Revolution did not take place to provide people with food," he told me. No doubt man cannot live by bread alone, but the problem of unemployment, already acute under the Shah, has grown worse since the Revolution, and those without work naturally want enough to eat, and the jobs which alone can provide that.

Khomeini is not interested in economic theories. When challenged, he will point out that the officers who have seized power in so many Arab countries, and the princes who have inherited power, know as little about economics as he does; and as a *faqih* he fairly lays claim to more wisdom than they. But the others are susceptible to argument and to advice; how can anyone argue with absolutes, or offer advice to a *faqih* whose inspiration comes from somewhere outside?

Post-revolutionary Iran has been in desperate need of some form of economic planning. Although oil production has been cut back, there are three million barrels of Iranian oil reaching world markets every day, which means a daily income of between \$120 and \$150 million. There should be some agreed programme for making the best use of this revenue.

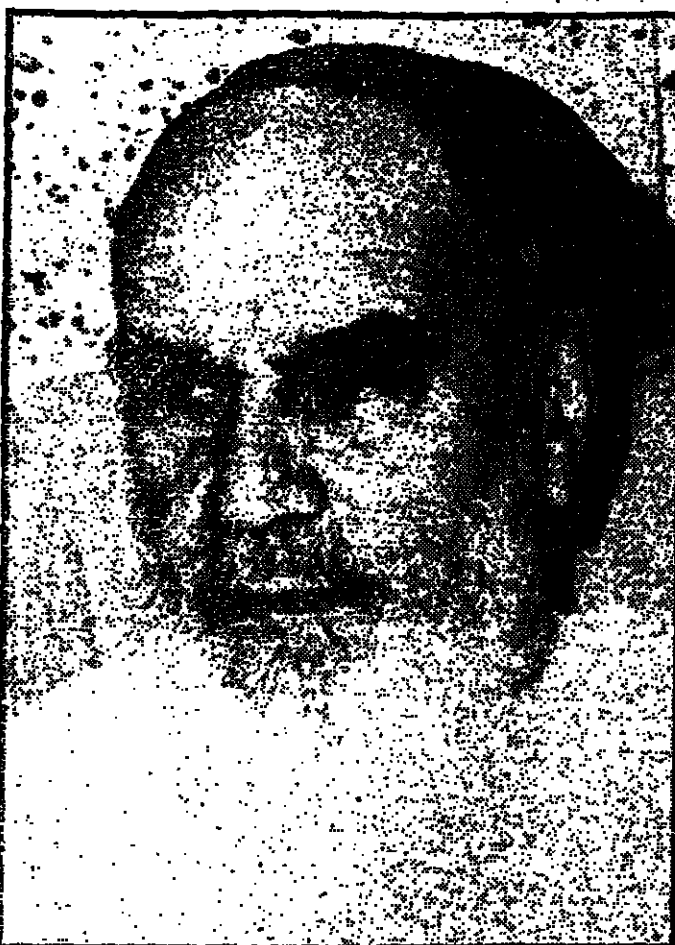
President Bani-Sadr explained to me that there were many projects which had been started under the former regime and which it would have been sensible to complete — not all the enterprises sponsored by the Shah were inspired by *folie de grandeur*. For example, there was a \$600 million project for new housing outside Tehran which would have provided much-needed homes for hundreds of families, and which could have been completed after the Revolution in three months of concentrated work. But nothing was done.

Bani-Sadr would have liked to see the adoption of a short-term plan to cover worthwhile projects already started and capable of completion in about a year, and after that a long-term plan for orderly development.

But instead of this the people have continued to be summoned day after day for fresh and virtually uncontrolled demonstrations. How can a country be said to be governed where students are allowed to arrest a cabinet minister simply because they happen to have come across a document showing that once in the past he had met someone from the American Embassy?

It was to Khomeini, and not the prime minister, that people went if they wanted something done. It was the Imam and his family, not the cabinet, who mattered in the eyes of the people.

The fact that Khomeini was reputed to be easily swayed by the last person he spoke to made matters worse. Discussions would take place between Khomeini and a visitor or group of visitors, and subsequently bits of these discussions would be made public by the participants and presented as definite rulings by the Imam. The result was total confusion.



Khomeini at 80: he thinks and talks in terms of absolutes, but for how much longer can he continue to rule Iran?

It has to be admitted that Khomeini showed enormous skill as a revolutionary strategist. He had the patience and determination required to effect the overthrow of a formidable regime. He showed a sensitivity to the moods and yearnings of his people which is almost unique in Persian history. This will always ensure him a prominent place in the story of our times. But his inability to consolidate the ground gained must severely detract from his claims to true greatness.

### Excesses of the early days

Those who know him appreciate that Khomeini is a kindly man, but he does not trouble to present the softer side of his nature to the world. When the Pope approached him on the subject of the American hostages his answer was a scathing attack in medieval language: "Do not concern yourself with what is happening in Iran. Turn your eyes towards what is happening in America. Why did you remain silent when Jerusalem was occupied?" — and so on. It was not to be expected that Khomeini should learn the language of diplomacy, but he ought to have let his diplomats talk to other diplomats.

There can be no doubt that many of the excesses of the early days of the Revolution created a thoroughly bad impression in other countries, which neither Khomeini nor those closest to him did anything to counteract.

There were arbitrary arrests, and an estimated 55,000 people were brought to trial, often in secret courts and without any opportunity to defend themselves. About 350 people were executed in the first three months, and executions have continued

ever since, often on what appear to be the flimsiest charges and after trials which are a mockery of justice. Khomeini insists that these trials and sentences have been governed by *qassas* (punishment), not by *intiqam* (revenge), but the distinction is not always obvious.

Khomeini thinks and talks in terms of absolutes, and he is conditioned absolutely by his view of Shia history. He can never forget the tragic results of the battle of Siffin, and this has left in him a profound suspicion of anything to do with arbitration or compromise.

It is in foreign as much as domestic affairs that his inability to compromise has created complications which a wider knowledge of the world — or, should one say, a more worldly approach — could have avoided.

Iran remains one of the biggest strategic prizes in the world, thanks to its geographical position and natural wealth. Whoever rules it — or fails to rule it — Iran will remain an area of conflict between the superpowers.

But Khomeini quarrelled with Russia, and allowed the American hostage problem to be exploited by the mullahs, who for their own purposes wanted to keep the country in a perpetual ferment. The hostage problem was, in fact, ineptly handled on all sides.

Tension on the border mounted. There were some armed clashes after one of which Bani-Sadr was reported as saying "If Iraqi provocation continues I cannot prevent my army from marching on Baghdad." Just as in 1914 troops on both sides embarked for the front shouting "Nach Paris!" "A Berlin!" — so along this forgotten frontier between two races and two creeds old hatreds revived.

The Iraqi nationalist movement has been struggling for in this century. The true ratio of those cases was that personal representatives could not normally claim relief under case 9 because if they did they would be acting in breach of trust in the sense that they would be claiming trust property for their own personal use. There was nothing in the Act which said that personal representatives could not be landlords.

The plaintiffs as personal representatives were also trustees for the two children. They were not acting in breach of trust by seeking to live in the house with the children.

Those exceptional circumstances took the case out of the ambit of *Sharpe and Parker*. The judge erred in holding that he was bound by those two decisions.

His Lordship would set aside the judgment and make an order for possession.

Lord Justice Ormrod and Mr Justice Sheldon delivered concurring judgments.

Solicitors: Herbert & Gowers & Co.



present regime will be replaced by one from the army, which will recognize the reality of the military situation and be prepared to make peace. Of course, anything can happen, but because of its strategic importance it is unlikely that the super-powers would ever be prepared to stand idly by while Iran collapsed, or that any regime would be more willing to compromise than the government of mullahs has shown itself to be.

Khomeini believes in Islam as the universal verity which eclipses nationalism and is a unifying force. But a country like Iraq depends on nationalism for its survival — Iraqi nationalism and Arab nationalism. Take those away and it will split up among Sunnis, Shi'is, Kurds, and perhaps even smaller fragments.

In the same way, in the other wing of the Fertile Crescent there are people at work only too eager to destroy the concept of Arab nationalism and divide up the area into a number of small sectarian states — Jewish, Maronite, Alawite, Druse, and so on. This is not a new idea, but it is the exact antithesis of all that the Arab nationalist movement has been struggling for in this century.

Indeed, one of the paradoxes of the Iraq-Iran war is that the spirit which has inspired the Iranian armed forces to resist is more nationalism than religion. True, the Iraqis have been as astonished as were the Shah's soldiers and police at the fanatical courage of some of the Iranians opposed to them. I have heard Iraqi generals telling President Sadam Hussein: "They come at us like madmen!"

But for the Iranians it has become a patriotic war, just as Stalin made the war against the Nazis a war for Mother Russia rather than for communism. Already Khomeini has seen the Islamic content of the revolution — he brought about diluted in his lifetime by the nationalism he professes to have so little time for.

What does the future hold? As long as Khomeini lives, things are not likely to change substantially. His prestige remains enormous, and he is able to keep the masses in a state of permanent alert which makes the consolidation of other power groupings in the country almost impossible.

The mullahs can present a united front against the lay politicians, but they are divided by many personal and regional rivalries. In

theory Khomeini has a destined successor in Ayatollah Hussein Muntazari. Earlier this would probably have been Ayatollah Mahmud Taleghani, who might have played a useful stabilizing role, but unfortunately he died a few months after the Revolution.

### Power gained with Soviet support

Muntazari is a good and sincere man, but simple in the ways of the world. I was once talking to Ibrahim Yazdi in his presence, and when he heard us speaking in English Muntazari was horrified: "Why are you using the language of infidels? Have you forgotten that the language of the Koran is Arabic? Have you forgotten that the language of the angels and of Paradise is Arabic?"

This leaves the communists and the army. Many people fear that it is the communists who will inevitably fill the vacuum resulting from Khomeini's disappearance. I think this is most unlikely, unless they are brought to power on the backs of an invading Soviet army; and that nightmare of the West can be ruled out because Iran, unlike Afghanistan, is very definitely not



Ayatollah Muntazari — in theory the destined successor of Khomeini: a sincere man, but simple in the ways of the world.

in an indeterminate area of superpower influence. Moreover, communists in Iran suffer from several crippling disadvantages. In the first place, Khomeini or no Khomeini, the Shia Persians are a people who have religion in their bones, and for them the atheism of communism rules it out as an acceptable creed.

Then the Tudeh Party's total commitment to Moscow has identified it with one of Iran's habitual enemies. In Tudeh days Russian expansionism was in continual conflict with Persian nationalism, and Stalin and his successors have demonstrated that Russia's predatory instincts are not dead. The Tudeh Party's backing for the Soviet puppet Azerbaijan and Gilan republics after the war has not been forgotten.

Because of this the party has never played any significant part in affairs. In the great struggle over oil nationalization it was actually in opposition, and when the revolutionary movement got going in 1977 its leadership failed to understand its significance and were late in jumping on the bandwagon.

The only time when communism attracted a sizeable number of recruits was in the aftermath of the counter-coup. At present the communists are weakened by sectarian divisions. There are at least eleven different splinter groups of Marxists operating under various labels, but all very much on the periphery of political life.

What about the army? This remains the only organized force in the country, and its standing has been inevitably strengthened as a result of the war with Iraq. As General Walieddin Fellaht, Chief of Staff of the Iranian army, said to me: "Thanks to the war the army has been purged of its sins. Today it is no longer the army of the Shah which fired on unarmed citizens,

but the army which has successfully defended the integrity of the Motherland."

Many people have been planning to make use of the army for their own purposes. Soon after the fall of the Shah the Americans began encouraging the minorities — Kurds, Baluchis, and others — hoping that the army would have to be rebuilt to cope with their insurrections, and that, when this had happened, it would turn on the mullahs in Tehran. But any validity this calculation may once have had has been destroyed by the war.

Nor are the exiled politicians and generals who claim to have contacts with elements in the army likely to find much comfort. If there is a cell of resistance in the army it will operate on its own and not on direction from outside. Conspirators are not normally willing to hand over the prize they have won to someone else.

The Iranian Revolution, like the French and Russian Revolutions, has found itself quickly having to face an external as well as an internal threat, and it may well be that war will help to consolidate this revolution as it did the earlier two. Much will depend on the social and class affiliations of the new breed of officers and NCOs who have gained promotion as the result of the Revolution and the war.

It may also be that history will repeat itself in other ways, and that there is even now somewhere in the ranks of the revolutionaries a Bonaparte or a Stalin waiting to seize his chance.

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*The Return of the Ayatollah, by Mohamed Heikal, from which these extracts have been taken, will be published by André Deutsch in November.*

### Court of Appeal

## Trustees' role as landlords

*Patel v Patel*  
Before Lord Justice Ormrod, Lord Justice O'Connor and Mr Justice Sheldon.

[Judgment delivered July 8]

The Court of Appeal, in allowing an appeal by the plaintiffs, Mahendrakumar Patel and Jivanti Patel, from a decision of Judge Tunin sitting at Willesden County Court, held that there was nothing in the Rent Act, 1977, which prevented personal representatives of a deceased tenant from claiming relief under Schedule 15, case 9 of the Act. The judge had dismissed the plaintiffs' claim for possession of 9 Garratt Road, Edgware, Middlesex.

Schedule 15 provides grounds for possession of dwelling-houses let on or subject to protected or statutory tenancies. Case 9: Where the dwelling-house is reasonably required by the landlords for occupation as a residence for — (a) himself, or (b) any son or daughter of his over 18 years of age, or (c) his father or mother, or (d) if the dwelling-house is let on or subject to a regulated tenancy, the father or mother of his wife or husband, and the landlord did not become a landlord by purchasing the dwelling-house or any interest therein after — (i) November 7, 1956, in the case of a controlled tenancy; (ii) March 8, 1973, in the case of a tenancy which became a regulated tenancy by virtue of

section 14 of the Counter-Inflation Act, 1973; (iii) May 24, 1974, in the case of a regulated furnished tenancy; or (iv) March 23, 1965, in the case of any other tenancy.

Mr P. Morgan for the plaintiffs, Mr Bharat Patel, the defendant, in person.

LORD JUSTICE O'CONNOR said that the house had been jointly owned by Mr and Mrs H. M. Patel, the brother and sister-in-law of the first plaintiff. They had been tragically killed in a road accident in 1977, leaving behind two infant children.

The plaintiffs were appointed guardians of the two children, and, after taking out letters of administration to the estate of Mr and Mrs H. M. Patel, held the house as personal representatives. Subsequently, the plaintiffs adopted the two children.

In June 1979 the plaintiffs, by written agreement, granted a one-year tenancy to Mr Bharat Patel, who was not a relative. That tenancy expired by effluxion of time and the defendant remained as a statutory tenant.

The plaintiffs claimed possession of the house under Schedule 15, case 9, of the Rent Act, 1977. The judge dismissed their claim holding that he was bound by two authorities of the Court of Appeal, *Sharpe v Nicholls* ([1945] KB 382) and *Parker v Rosenberg* ([1947] 1 KB 371), to conclude that they were not landlords for the purposes of case

9.

### Law Report

## DELAY CAN FRUSTRATE ARBITRATION

*Paul Wilson & Co. AS/Partenreederei Hannah Rismundthal*

An arbitration agreement could be frustrated because of delay caused by both parties.

The buyers of a ship commenced arbitration proceedings and served points of claim on the sellers in 1974. The issue arose as to what oral representations had been made by the sellers in 1969 when the ship was sold.

HIS LORDSHIP said in a commercial list case that there could scarcely be a fair trial of an oral transaction of business eleven years later. The application of the rule of frustration to arbitrations was not ruled out by the House of Lords in *Esmeralda v South India Shipping Corporation Ltd* (*The Times*, January 27, 1981) 2 WLR 141.

His Lordship would follow the Master of the Rolls in *The Splendid Sun* (*The Times*, April 11) (reported as *André & Compagnie SA v Marine Transocean Ltd* [1981] 3 WLR 43) and said that there could be frustration of an arbitration agreement where it was delayed by the mutual default of both parties.

A declaration that the arbitration agreement had been discharged by frustration was granted.

*Gubay v Kingston (Inspector of Taxes)*  
Before Mr Justice Vinelott.  
[Judgment delivered July 6]

The capital gains tax exemption in paragraph 20 of Schedule 7 to the Finance Act, 1965, relating to the disposal of assets between husband and wife, did not apply to a gift of shares by a husband, resident in the United Kingdom during part of the relevant year of assessment, to his non-resident wife.

Even though they were living together in the normal sense, because of the provision in section 42(2) of the Income and Corporation Taxes Act, 1970, the wife could not be treated as a married woman living with her husband in the year of assessment, with the result that the gift could not qualify for the exemption.

His Lordship so held in dismissing an appeal by the taxpayer, Mr Albert Gubay, from a decision of special commissioners determining an assessment to tax for 1972-73 of £7,250,000, by reducing it to an agreed amount of £1,399,965. Had the appeal succeeded the assessment would have been reduced to £7,650.

In July 1972 the taxpayer gave 479,638 shares in Kwik Save Discount Group Ltd to his wife. On April 4 of that year she had taken up residence in the

Isle of Man. The taxpayer remained resident in the United Kingdom until October 1972, although he had lived with her in the Isle of Man on most weekends. Accordingly he was resident and ordinarily resident in the United Kingdom for part of 1972-73.

Paragraph 20 of Schedule 7 provides: "(1) If, in any year of assessment, and in the case of a woman who in that year of assessment is a married woman living with her husband, the man disposes of an asset to the wife, or the wife disposes of an asset to the man, both shall be treated as if the asset was acquired from the one making the disposal for the other making the disposal."

Mr J. E. Holroyd Pearce, QC and Mr Robert Vauxs for the taxpayer; Mr Robert Carruth for the Crown.

MR JUSTICE VINELOTT said that the reference in paragraph 20(1) to a "married woman living with her husband" had to be construed in accordance with section 42(2) of the Income and Corporation Taxes Act, 1970. That section provided, inter alia, that a married woman shall not be treated as "living with her husband" if "one of them is and one of them is not resident in the

United Kingdom for a year of assessment".

The special commissioners had upheld the Crown's case that paragraph 20 could not apply to exempt the gain arising on the gift from tax because at the relevant time the taxpayer's wife could not, by reason of section 42(2), be treated as living with the taxpayer.

The taxpayer contended on two alternative grounds that the exemption did apply. First he argued that it was irrelevant whether his wife was to be treated as living with him or not because in paragraph 20 the phrase "and in the case of a woman who in the year of assessment is a married woman living with her husband" applied only where it was the wife who made the disposal.

Undoubtedly the paragraph could have been more clearly drafted, but nevertheless the taxpayer's construction was impossible to accept: the phrase was intended to impose a condition applicable to a gift by a husband to his wife or by a wife to her husband.

The more substantial question raised was whether under section 42(2) the taxpayer and his wife, who were in fact living together in the ordinary sense of those words during the whole of 1972-73, had to be treated for fiscal purposes as living apart.

### Chancery Division

## Gift to non-resident wife not exempt

*United Kingdom for a year of assessment*

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## Ecology

# Missing a chance to save Britain's wild places

No single feature of the Government's controversial Wildlife and Countryside Bill has caused such dismay as the inadequacy of its protection for Britain's dwindling moorlands. Next Monday, at report stage in the House of Commons, the issue will come to a head. The outcome could be crucial for the country's few remaining tracts of wilderness.

These wonderful open landscapes are the very essence of our upland national parks — in the Cheviots, the North York Moors, the Brecon Beacons, Snowdonia, Dartmoor and elsewhere. If they are tamed and enclosed, their wild grandeur, the very reason they were designated national parks in the first place, is destroyed.

Yet they are being remorselessly eaten away by agricultural reclamation and afforestation.

Startling new evidence from Birmingham University last month shows that the rate of loss is now far higher than anyone imagined. It is running at a national rate of more than 12,000 acres a year — which, if continued at the same rate, would lead to the loss of all the country's moorland within 30 years.

Since this rate of loss shows no signs of slowing down and since farmers and foresters are under great economic pressure to maintain reclamation, this forecast is well justified.

There is nothing in the Wildlife and Countryside Bill — nor in the new amendments tabled by the Government yesterday — that remotely addresses the scale of the problem.

The Government accepts that it is an important issue. But the Bill's approach to protecting moorland rests exclusively on the goodwill of farmers and foresters — the very people who, however well-disposed to conservation, stand to gain from reclamation.

## Compensation in some form is necessary

Encouraged by bodies like the National Farmers' Union (NFU) and the Country Landowners' Association (CLA), the Government has concluded that only voluntary agreements and handsome annual compensation payments to the farmers and landowners who forgo "improvements" can guarantee to keep the remaining moorlands intact.

Conservation bodies — and the Labour Opposition — believe this

approach is bound to fail if national park authorities are not given a back-up power to prevent conversion when voluntary methods break down. But they agree that compensation in some form is necessary.

The Government's confidence in the "goodwill" approach rests entirely on recent experience in the Exmoor National Park. Between 1954 and 1979 more than 20 per cent of Exmoor's moorland, 12,300 acres, was lost.

But after national publicity in 1977 which led to Lord Porchester's historic "Study of Exmoor" and intensive pressure on local farmers from the NFU and CLA, the rate of loss there has slowed.

But how significant is Exmoor? Until the Birmingham findings emerged last month there was little hard evidence to challenge the Government's contention that only on Exmoor has moorland reclamation been a serious problem.

## The acres that are disappearing

The position on Exmoor is exceptional. In no other national park is the position so exceptional, the Earl of Avon told the House of Lords on March 16. It was on this basis, suspect though it appeared to many, that the Lords narrowly declined to amend the Bill to add a reserve compulsory power for moorland protection for national park authorities.

The debates in the Lords had proceeded on the assumption that, at the very most, 250 acres of moorland a year were disappearing.

The Birmingham University findings dramatically overturn this assumption. The problem is far worse.

"Britain's moorlands are being enclosed and reclaimed at an average rate of 5,000 hectares (12,355 acres) a year", says Dr Martin Parry, the senior geographer who heads the university's "Moorland Change Project", funded by the Social Science Research Council.

The project's interim findings, which were summarized recently in the *New Scientist*, are based on an analysis of moorland reclamation in seven of the country's ten national parks. They show that in the Brecon Beacons, Dartmoor, Snowdonia, North York Moors, Yorkshire Dales, Northumberland and Peak District, reclamation is proceeding rapidly — and may even be accelerating.

What is more, a growing proportion of this conversion is biting

into primary moorland — uplands which have never before been put under the plough.

These findings triggered a remarkable committee stage debate in the House of Commons on June 11. The Opposition spokesman, Mr Denis Howell, urged the Government to review the Bill's approach to the moorland question in the light of the new figures. The exclusively voluntary approach, tailored to the special circumstances of Exmoor, might not be appropriate for the "sensational" situation now revealed by the Birmingham team, he suggested. He urged the Minister, Mr Hector Monro, to keep options open on the Bill's final moorland provisions until the Department of the Environment officials had had time to explore the implications of the new figures with Dr Parry.

But the Minister was adamant. "The rate of loss in our national parks has slowed down substantially in recent years. . . . The voluntary approach is working", he replied, but he did not produce evidence of any kind to refute the new Birmingham findings.

The Government then used its majority in the committee to defeat the Opposition's amendments. In the context of a supposedly non-partisan conservation Bill, it was a surprising display of intransigence.

On Monday fresh amendments to provide a reserve compulsory power will be debated. The Government's new amendment, on moorland mapping, fails to meet the point.

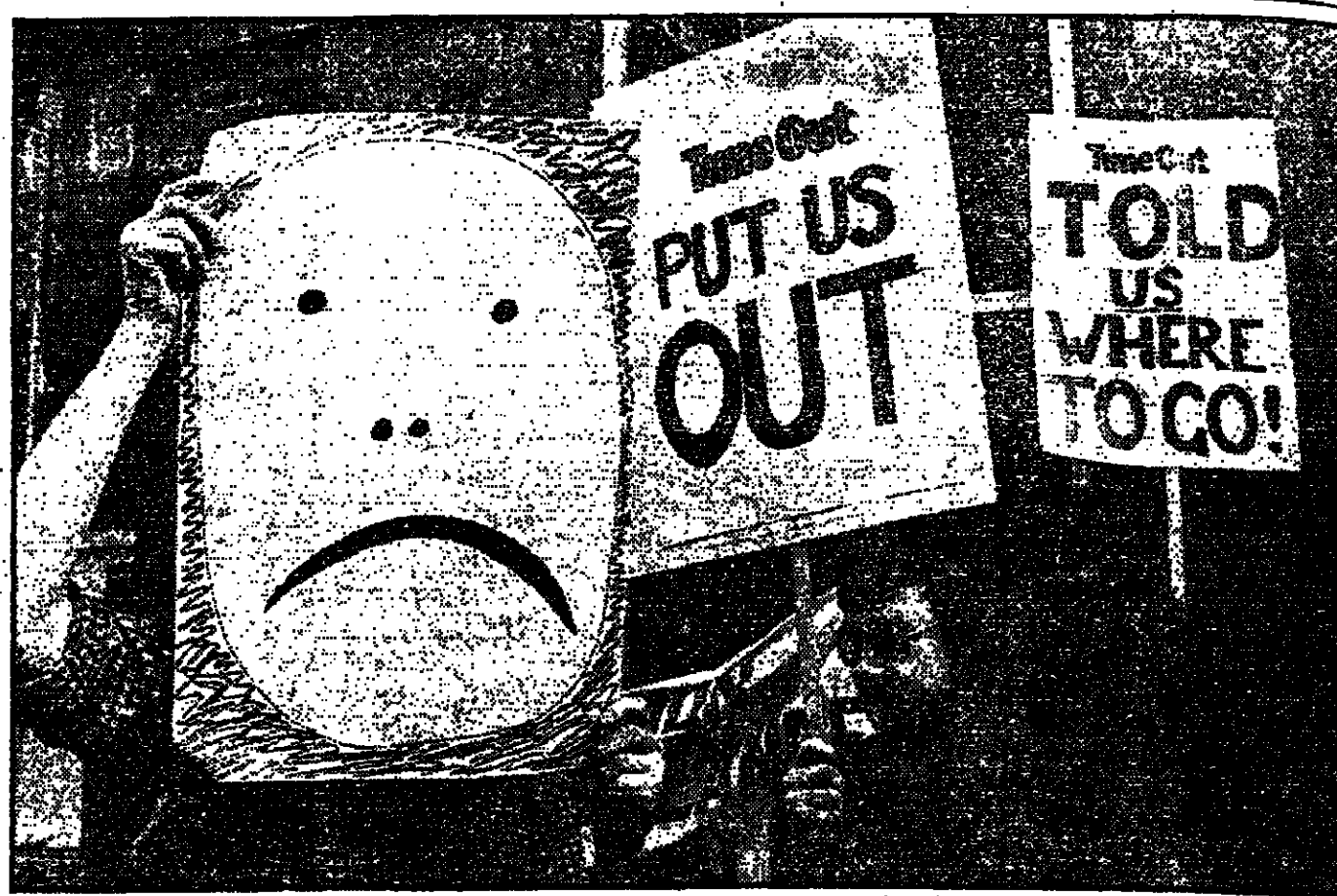
The Bill as it stands has few friends among the conservation organisations who ought to have been its greatest supporters. The moorland issue shows why.

But weak though the Bill now is, it has had one undeniable merit. It has been the catalyst for a deepening of public and Parliamentary understanding of the pressures now affecting the countryside. The very existence of the Bill has helped to generate new evidence on losses of wildlife habitats, on endangered species, on the impact of grant-aided land drainage — and now on moorland.

Yet unless the Government is prepared to act more generously on some of these matters, during the Bill's final stages, it will have simply stoked the fires for fiercer future controversy.

**Robin Grove-White**

The author is director of the Council for the Protection of Rural England.



Time Out staff demonstrate after their eviction: unexpected support

## Trends

# The class of '68 goes back to war

"The kids who are joining the staff now don't have the fire in their bellies that we had", mourns a mid-thirties board member of Friends of the Earth, the environmental protest group, where after months of intense internal wranglings there is now an uneasy truce.

"He'd just like to turn the thing into the Bourgeois Guide to the Galaxy", insists Duncan Campbell, news editor of *Time Out*, dismissing his erstwhile proprietor's too-capitalist schemes for the capital's hip-leftie listings paper. Two months of trouble have seen a sit-in, a lock-out, and this week staff demonstrated in Fleet Street.

"We've been infiltrated by the far-out left", says Anthony Steen, Conservative MP and founder and editor of *Time Out*, and a member of the pensioners' aid group Task Force, where the whole staff is under notice to quit at the end of this month.

The battle is on for the alternative bureaucracies which are at the heart of the postwar baby bulge's attempt to run the world in its own image. The class of '68, the year of *Time Out*'s birth, have found themselves the victims of their own success, caught in generation gaps, mortgage repayments, and even the dreariest problem of all, maintaining enthusiasm for protest when the opposition has half conceded you were right all along.

At several of the fringe, protest or volunteer organizations, boards of directors are trying to assert old-fashioned authoritarianism over staff members who like to think of themselves as self-starters and have never been schooled to enjoy obedience.

At some, where common purpose and friendships were once enough to unite the team, boards now feel that hierarchy is in order. Tom Burke, who presided over a period of mid-seventies growth at FoE, is a member of its board (which has now proposed employing at least one executive type at near market rates). "Frankly, what we are doing amounts to the substitution of organization for inspiration", he says.

"In this world we shouldn't expect that the most effective means of operating FoE will automatically provide an ideal working style for staff", says a confidential working paper by FoE's board. "Under no circumstances should the former be second to the latter. . . anyone who cannot accept this argument should find themselves an appropriate life-style organization." It is a clear call to shape up, or ship out.

The rights of management to manage are at the core of disputes at Friends of the Earth, Task Force and

*Time Out*, where the staffs have come to expect — in *Time Out*'s case the habit is enshrined in the union's house agreement — a good deal of autonomy and consultation. "But don't accuse the consultation process of being inefficient", says a senior *Time Out* freelance: "BL would give its eye-teeth for our working record and profitability."

In some cases, the brotherly principle of wage parity is in question: at *Time Out* and Friends of the Earth, the workers have for years had equal pay. At FoE it is poor, and has been seen as part cause of the very high turnover of staff: the board wants to take on some more expensive people. "But that merely means that the organisation becomes top-heavy", says a staff member: "We already have fewer campaign staff than we used to: this will make the imbalance worse."

At *Time Out* the 60-odd staff all earn £8,500: hardly a Third World salary, in spite of the air of street-revolution which these sleek socialists seem to cultivate. But with sales rising (up to 90,000 a week) and profits of about £250,000 on a turnover of £3m, why rock the boat?

"Parity has become increasingly restrictive. I think it would be absurd to take on a 20-year-old at these rates. And if I start a new venture, I can't do it if I have to pay the sort of rates that apply to a paper which has been running for 12 years", says Tony Elliott, the founder and boss of the paper. He believes now that he should have cracked the whip earlier.

While the boards huff and puff with structures and hierarchies and market rates, their staffs are inclined to point to the grassroots support for a more radical approach. Tony Elliott is accused of wanting to hire charismatic writers and to swing *Time Out* more into line with his new-found affections for the SDP (he denies it hotly). Meanwhile, just like in the early days, his staff are producing a broadsheet in a cellar: *NOT* — a strike broadsheet, not an alternative *Time Out* — insists a writer — is in its seventh issue. "We were surprised at the amount of support we got from readers and advertisers", says Nigel Fountain, a senior *Time Out* man.

At FoE it is uncertain to what extent the local groups and supporters will support the board's new approach: there are now 18,000 card-carrying Friends of the Earth. The likely outcome is that the staff will put up with their dissatisfaction at the new plan rather than endanger the group's work.

But at Task Force the situation is more dramatic. Anthony Steen started the organization in the early

1960s as a way of linking the willingness of thousands of young volunteers with the needs of pensioners. "We had 15,000 volunteers at our peak: probably it's around 2,000 now. But we just don't know, because the staff won't tell us", he says.

Mutual intransigence has left the two sides in a thoroughly pettish state (all these rows between people who share worthwhile ends but cannot agree about means have become extraordinarily intense). They cannot agree about the role of volunteers. "They don't want to roll up their sleeves and work", says Steen. "Times have changed", Hackney Task Force's Alistair Wallace says. "Odd-jobs are no longer the answer to pensioners' needs. We work closely with councils now helping pensioners get their rights. Local authorities fund 70 per cent of our work, and are happy to do so."

"I think that the staff and the board each conceive of completely different organizations", says Irene Loach, the latest of several Task Force directors, who has now resigned even before the board's threatened closure. "Both are completely viable. They are just not the same organization."

Both Tony Elliott and Anthony Steen are said that what they see as politicization — with or without overt party allegiance, and the latter believes his group is a victim of politically-motivated leftists — has taken over organizations set up on the premise of providing a new way of looking at the world, and a new way of running things.

Meanwhile, Tom Burke shares the anxiety of most of the workers in these threatened groups: "What is terribly sad is that we've become enmeshed in the sort of difficulties we always saw in the organizations we were fighting. All this matters so much because we must get back to the business of doing the job we set out to do."

Clearly, the groups' difficulties stem more from success than failure (even FoE, born in 1971, is experiencing increasing support for its rather lacklustre campaigns, though it has severe financial problems). As they grapple with the premonitions of middle age, their mortality is hardly in question yet. Rather, they are grappling with maintaining the forceful ethos, the powerful feeling of group identity, common to any tinpot institution which sets itself up to take on the rest of society. Their problem is that now they virtually represent an alternative establishment of their own. Perhaps they need a club, the Other Athenaeum, so as to get together and talk things over in peace and quiet.

**Richard North**



Enjoying the Brecon Beacons — but the moorland is vanishing at a rapid rate.

## Medicine

# Liver transplants—the quiet success story

For most people, transplant surgery implies operations to replace hearts or kidneys. Here in Britain in the past 18 months massive publicity has gone to the two hospitals with continuing heart transplant programmes, and patients and surgeons have become household names.

Yet, without television coverage or newspaper headlines, a third British medical team has quietly and successfully been transplanting livers. Professor Roy Calne's surgical unit at Addenbrooke's Hospital, Cambridge (in collaboration with Dr Roger Williams' liver unit at King's College Hospital, London), has carried out 108 liver transplants since 1968. Thirteen of their last 22 patients given new livers are still alive, giving a one-year survival rate of more than 50 per cent. Of the 37 patients given heart transplants in roughly the same period, 20 have died.

Liver transplantation in man began 18 years ago, after extensive research on animals. Until recently the results have been disappointing in comparison with kidney transplantation, which has long been routine in countries round the world.

Kidney surgeons have several advantages. Use of a mechanical artificial kidney can restore their patients to good health before the operation and can

take over again if anything goes wrong — many patients have had more than one transplant. Because the body has two kidneys, many patients can benefit from the donation of a kidney from a living relative. Technically, too, the operation is relatively straightforward.

In contrast, the patient with liver disease only has one chance. The liver is the biggest organ in the body, weighing 3.4 lb, and functions as a chemical factory. All the blood returning from the stomach and intestines to the heart passes first through the liver, which processes and stores the chemicals extracted from food. The liver also produces proteins vital for blood clotting and eliminates chemical wastes in the bile.

No satisfactory artificial liver has yet been devised, so that, as his liver begins to fail, the patient is likely to have become dangerously ill by the time a transplant is considered.

The liver surgeon faces other problems, too. Organs are in short supply, since the liver has to be removed from a donor certified as brain-dead but with a functioning circulation; attempts to transplant livers removed after the heart has stopped beating have been abandoned. Technically, too, the surgeon has a difficult task in removing a bulky but delicate

organ and in connecting up the bile ducts. Many of the early failures were due to leakage of bile or blocked bile ducts.

The current surgical techniques and the recent results of the Cambridge programme have been described by Professor Calne and his team in a report in the *British Medical Journal* today.

First the healthy liver has to be removed from the brain-dead donor. During this procedure the liver is chilled by circulating a cooling fluid through its blood vessels and bile is washed out of the bile ducts and the gall bladder. Once removed and cooled the liver may be stored

for up to 10 hours before transplantation. The Cambridge unit has recently joined units in Holland and West Germany in a co-operative scheme to match the liver with the most suitable patient awaiting treatment.

Replacement of the patient's diseased liver takes several hours. The operation is likely to be made more difficult by defective blood clotting due to faulty liver function; but a series of technical advances have reduced the risks of complications from leakage or blockage in the bile passages.

Another major advance has been the recent introduction of the new drug cyclosporin A, which seems likely to prove the most effective means of controlling attempts by the body's immunity system to reject the transplanted organ.

How good are the results? The pioneer of liver transplantation, Thomas Starzl of the University of Colorado, has now transplanted more than 200 livers. In his most recent series, operated on since 1974, 65 per cent of patients survived one year and 42 per cent are alive five years after the operation; and longest surviving of all the patients has now passed the 10-year mark. Many of the patients have been children born with defective bile ducts.

Here in Britain the difficulty of obtaining donor livers from children has led Professor Calne to concentrate on adults. Some patients with liver cancer have been treated successfully, but often the tumours have spread beyond the liver, and these patients may die from recurrent cancer. The best results have come in patients with cirrhosis of the liver and chronic hepa-

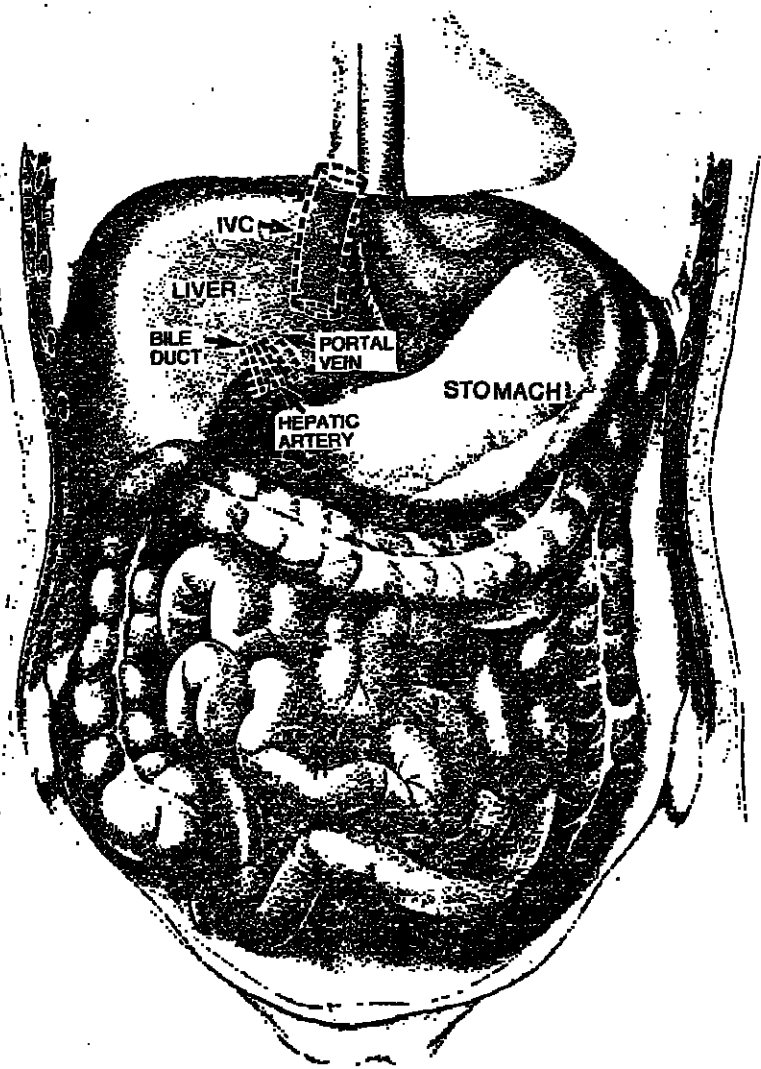
titis. Patients with alcoholic liver disease are rarely suitable. Six of the pioneer patients are alive between four and six years after operation. The recent rise in one-year survival to 50 per cent is due to technical improvements in the operation, the use of cyclosporin, and selection of patients with liver diseases that are unlikely to recur.

As has proved the case with other transplant procedures, the results may be expected to improve further as patients are referred for treatment before their illness reaches a terminal stage. At present, with conventional treatment, patients with cirrhosis and other non-cancerous liver diseases face a long, progressive illness ending in death. Professor Calne and Dr Williams believe that in such cases transplantation offers a good chance of excellent rehabilitation, especially for young patients. They also claim that the costs of transplant treatment may well be less than those of prolonged conventional care.

In the long term, liver transplantation could become as much part of routine medical treatment as is kidney transplantation. The technical problems are well on the way to being solved. But, as with all kinds of organ transplantation, the shortage of donors is the main constraint.

"Liver transplantation has come of age", says the *British Medical Journal* today. It will become established only when donation of organs (and the necessary acceptance of the concept of brain death) have become as routine as blood transfusion.

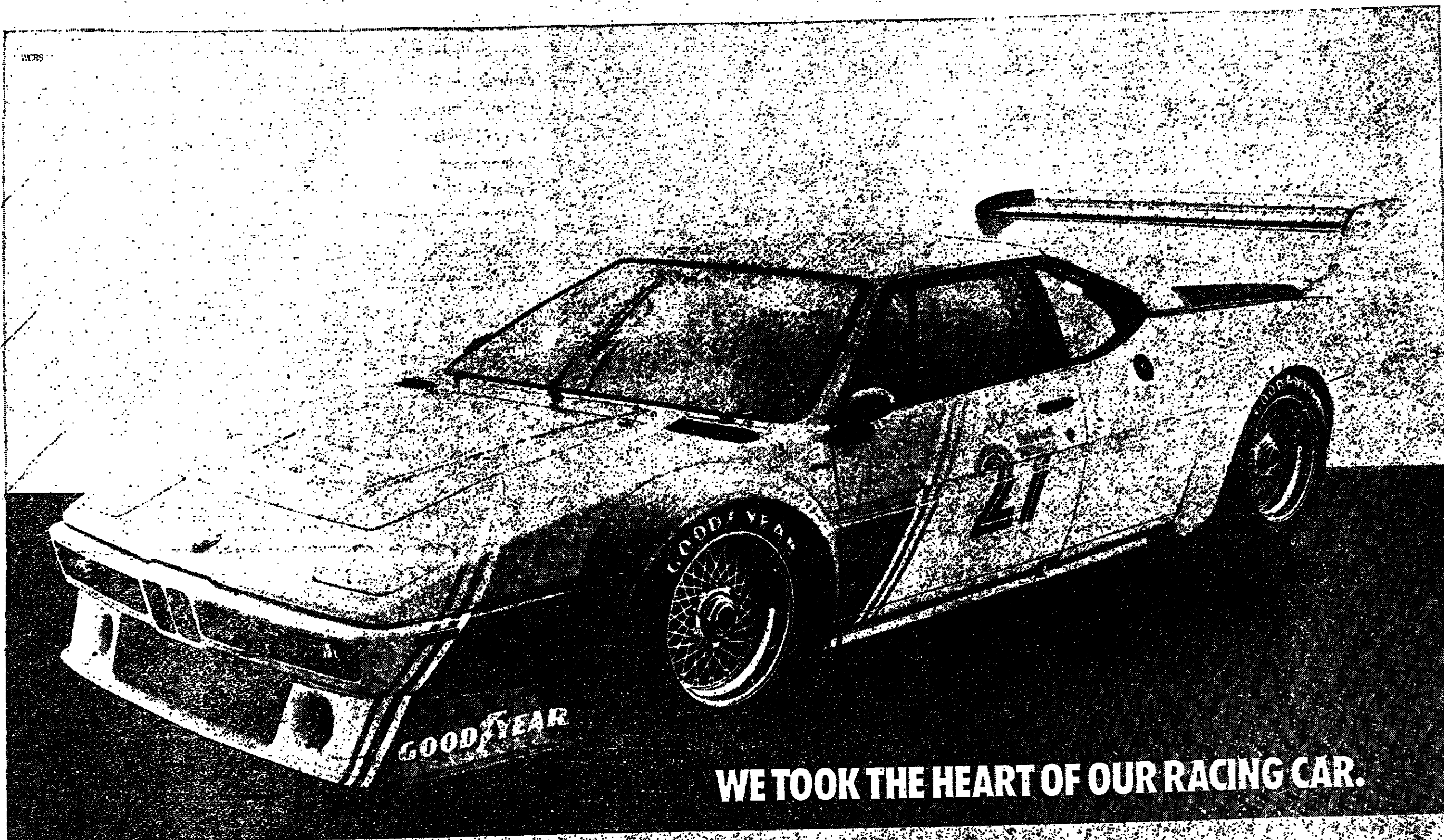
**Dr Tony Smith**



The joints made by the transplant surgeon in the vessels behind the liver: two in the inferior vena cava vein and further joins in the bile duct, the hepatic artery and the portal vein.

هكذا من الأصل





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# Let us shake off these policies of despair in Ulster

by Shirley Williams

"Children are great copyists" said Mr Kenneth Oxford, Chief Constable of Liverpool, surveying Toxteth's burned and broken streets.

What were they copying, these young rioters and looters with stones in their hands and hoods over their faces? The answer must surely be Northern Ireland, which casts a longer shadow over the mainland than we care to realize.

The images of violence in Northern Ireland, night after night of stoning and rioting in Derry and west Belfast, have added their own bitter flavour to the unstable mixture of youth unemployment, racial tensions, ugly environments and heavy-handed policing that have led to the riots on the mainland. If our society is to defuse the potential for explosion in the cities,

the running sore of Northern Ireland must be dealt with. But so much has been attempted and so much has failed. Can anything be done?

The climate for a fresh approach is unpropitious. In spite of the persistent efforts of the Irish Commission for Justice and Peace, the hunger strike in the Maze continues, and allegations of bad faith and procrastination are already being made on both sides.

Yet there are some signs of hope. The recent *Sunday Times* poll showed that a majority in the North believe in power sharing, and saw it as the only mutually acceptable way forward. In the Republic, the new Fine Gael/Labour Party coalition wants to involve Northern Irish politicians in the Anglo-Irish talks insofar as these impinge upon Northern interests.

The Taoiseach, Dr Garret FitzGerald, has strong family links with the North, and believes in closer contact at a personal level between the two parts of Ireland. Indeed, the desire for a settlement of the Northern issue is now intense in the Republic, where it is increasingly admitted, privately if not publicly, that reunification would be a dubious blessing.

Sensible Irish politicians do not want a million angry Protestants in their midst. Nor would they welcome the colossal financial burden of security and social welfare benefits Britain now bears. Politicians in the Republic believe that the context of discussion must be broadened beyond the single issue of the hunger strike, for that focuses attention on the most difficult area of all, where negotiations are conducted



between the Provisionals and the British Government through intermediaries. One approach is to secure greater economic aid for the province through the EEC. The economic dimension of the relations between Northern Ireland, Great Britain and the Republic of Ireland has received little attention,

yet it is a crucial factor. Expenditure on pensions, unemployment benefit and public services are heavily subsidized, amounting to some £15 a week for every citizen in the province. An independent Ulster would not begin to afford current levels of pensions and benefits. Nor could the

'If our society is to defuse the potential for explosion in the cities, the running sore of Northern Ireland must be dealt with'

Republic. Shorn of the union with Britain, Northern Ireland's standard of living would be similar to that south of the border. Both are, in European Community terms, relatively poor.

Last month, the three Members of the European Parliament for Northern Ireland, Rev Ian Paisley, John Hume and John Taylor, sponsored a resolution calling for additional economic aid for the province from community funds. A special task force was established under the Commissioner for Regional Policy, Signor Giolitti, which is to report back urgently.

The Republic is already a substantial beneficiary of the Regional Fund and of the Social Fund, which finances a wide range of employment

and educational projects, some of them highly innovative. A joint committee on which both Northern and Southern elected and official representatives served could be established to advise on the use of Community funds. Part of the additional funds from the Community might be allocated to the joint committee to decide how they might best be used in the interests of the entire island.

A second approach should be a renewed initiative towards power sharing. Within Northern Ireland, power sharing has been difficult for Protestant politicians to accept. It might be easier to take the preliminary step of sharing accountability rather than power.

Humphrey Atkins has suggested an advisory council, drawn from elected MPs, MEPs and district councillors. It seems likely that there will be pressure for the council to be elected directly. The British Government could then offer to transfer certain functions back to Northern Ireland, at least those functions normally carried out by county councils in England and Wales. The condition of such a transfer would be a 75 per cent vote of the advisory council.

This majority would require Northern Irish politicians who wanted functions transferred back to them to

seek the agreement of both the Protestant and Catholic communities.

Political power would depend on reconciling their needs. As a safeguard, provision might be made for a vote of confidence by the Council on the administration of transferred powers, perhaps on the basis of an annual report from the appropriate department.

These two suggestions might help to break the present logjam; indeed it is encouraging that new ideas are now being floated in many quarters. Some of these, such as an independent Ulster, repatriation, or the withdrawal of troops without any political agreement between the communities in the North, seem to me policies of despair.

There are other radical ideas which I believe the British Government might seriously explore with the Irish Government—especially a joint select committee drawn from the Westminster Parliament and the Dail to look at Anglo-Irish problems, or an Anglo-Irish Court of Appeal for crimes committed by political extremists.

Such proposals are usually dismissed as impractical. They do, however, offer the chance of moving toward a political solution—without lasting answer to the Northern Irish tragedy can be found.

## A tale of three cities

The hotel-and-airport existence of the European Parliament for 20 years has been the most unnecessary of the scandals which afflict the Community. Holding its plenary meetings sometimes in Strasbourg and sometimes in Luxembourg, and its committee meetings and political group meetings mainly in Brussels, it has wasted its own energy and its taxpayers' money quite frivolously; but until last Tuesday it did have the excuse that the frivolity was imposed on it by the Council of Ministers, not chosen by itself.

Tuesday's debate and vote gets the worst of both worlds in that the European Parliament for the first time decided to take its own decision, and then took the wrong one. Here is the story.

Last November, pushed beyond endurance by its doubling in size, and emboldened by the fact that it was now directly elected, the European Parliament "requested" the Council of Ministers (since the Treaty of Rome gives the decision to the member governments) to fix the seat of the Parliament by June 15 this year, and declared that it did not, the Parliament "would have no option but to take the necessary steps to improve its working conditions". By June 15, the Council of Ministers had done no such thing; they simply endorsed the status quo.

The ball was now squarely in the Parliament's court. It could not continue sheltering behind "teacher won't let us", because all parties have long accepted that the seat, which can only be decided by the ministers, is different from the place of work, over which the Parliament had repeatedly declared its own control.

It fell to Mario Zagari, an experienced and non-inflammatory Italian socialist who has been No 2 in the Italian Foreign Office, to act as rapporteur on the question. He pitched his report correctly, and protected his resolution against a series of votes on pro-Brussels amendments which ran constantly between 120 and 180, such a figure contains hope of change in the mid-term, but not next year.

Zagari proposed that all the plenaries should henceforth be in Strasbourg, and the committee and party group meetings "as a general rule" in Brussels. In other words, he proposed the Parliament should cease entirely to meet in Luxembourg and meet in only two cities, not three. This the Parliament accepted.

As to the Parliament's 3,000-



Strasbourg's conference hall; just one of the EEC's three homes strong secretariat (no, that's not too many for members using seven languages) he proposed that the Parliament should "take account of" the two-city decision when deciding on its location.

This was accepted too, but so was a highly significant rider which spoke of the need to prevent the secretariat's travelling too much, and prattled of "latest means of telecommunication both for personal contacts and for document transmission", and "most advanced techniques... to facilitate cooperation" and so on.

In other words, the Parliament decided that though it would no longer meet in Luxembourg at all, its Secretariat should be helped to stay right there, in Luxembourg, and carry out its duties by telephone and cathode-ray conferencing.

Imagine that in 1570 the House of Commons, having been hitherto forbidden by Queen Elizabeth I to approach any nearer to her and her ministers than York, had declared it would meet where it thought fit, and had then decided to remain in York, and keep its Clerk in Peterborough. Or that in 1776 the United States Congress had been told to set up house in New York, while President and Supreme Court set up in Washington, and that in 1800 Congress had defied the President and had threatened to march on Washington, and had then stayed weakly in New York. What future would British or American democracy have had? The European Council of Ministers is in Brussels, and the European Commission, and the embassies to the Community are there, and the Lomé convention offices, and the specialist press

and television; all the working parts of the world's biggest trading bloc and biggest aid-giving bloc are there. And now the European Parliament has decided to stay in Strasbourg. What future does European democracy have?

Strasbourg is of course one of the most charmingly beautiful cities in all Europe, and one of the best-run. Its Mayor, Pierre Pfimlin, made a splendid old-time speech on Tuesday; he was prime minister of France in the fifties and is still a member of the European Parliament. The bridge between France and Germany; the city of reconciliation...

That is one strand; Strasbourg is symbolic of the first reason for the existence of the European Community, and the music and the food are wonderful. Everybody loves going there, compared with Brussels.

Another strand in this unfortunate decision was sheer deference. The French President, Francois Mitterrand, to the French Presidency, following his visit to Strasbourg at the end of his campaign, when he promised to continue President Giscard d'Estaing's policy on the seat of the European Parliament, had the effect of completely splitting the Socialist Group. (The French Communists, breathing pride in their new-found position in French government, exclaimed in horror that a move to Brussels would be a move towards supranationality.) The French Right of course chose Strasbourg. And a lot of German members live quite close...

All that is human, and must be allowed for. But there is no escaping the real political meaning of Tuesday's decision.

Wayland Kennet  
The author is a former Member of the European Parliament.

## What has become of our national pride?

David Watt

It is a great relief for all of us to be allowed, on the highest Government authority, to dismiss at least one and possibly two of the possible causes of this week's riots. Unemployment is no more than a mild contributory factor. After all, there has been high unemployment elsewhere without riots (has there not?), and some of the culprits were too young to be employed anyway. Even race, it seems, cannot have been the primary cause, at any rate in Toxteth, since so many of the rioters were white.

The trouble with this yarn, apart from the fact that it defies common sense, is that it leaves us with no plausible scapegoats—except the parents of the rioters and, for those of a leftward bent, the police. I hope therefore to be forgiven for putting forward another set of culprits altogether—namely this Government and, to an only slightly lesser extent, its two predecessors.

This accusation is based on the proposition that the horrible events of the past week are only the latest symptoms of a deeper malaise—the fact that the Government itself and the subsidiary organs of state, the police, the Civil Service, and the armed forces, are suffering from a loss of authority. The reason is not simply that it is hard to respect a government that is dishonest and openly unable to deliver economic success or a bureaucracy that is on strike; it is also that the forces of law and order do not have an entirely credible entity to represent. They should, and in one sense do, represent "the community" or to put it more grandly, the British nation.

But those whom they are trying to control, whether black or white, no longer seem to share a positive vision of what this country is and what it might be to be British. In other words, we have lost, or at least mislaid, some of our collective sense of assured national identity. Lacking this overriding sense of shared purpose and loyalty, it is surprising that the British polity has a tendency to disintegrate into a collection of pressure groups, social classes, regional groups, economic vested interests—and races.

The main assumption underlying this question is, of course, open to challenge. I shall be told that British nationalism, even jingoism, is alive and well and living in the Labour Party, on the football terraces, in the

correspondence columns of *The Times*, and at No 10 Downing Street. And are we not about to celebrate with vast popular acclaim an event which testifies to the enduring power of the greatest national symbol of all—the Crown?

To these objections I reply that there is a large element of self-deception about these manifestations. They lack the easy assumption, certainly of the superiority, but even of the validity of things British that we were able to show 30 or even 15 years ago. When Mrs Thatcher is complaining about being "swamped" by Islam, or the National Executive of the Labour Party is denouncing the EEC, or English football fans are bashing every Swiss head in sight, they are all reacting defensively, seeking to define Britishness by reference to others rather than by knowledge of ourselves. Only the royal wedding has some of the old panache, but even then we seem to be embracing it with a kind of desperate fervour that is itself revealing.

### Three issues of national unity

But assuming that I am right about the underlying uncertainty, the question is whether politicians can be expected to provide the missing psychological ingredients. Some will certainly say they cannot. Ministers after all, is a concept of government which can be applied beyond the immediate bailiwick of Mr John Biffen. And yet if one examines three main areas where national unity has been an immediate issue in recent British politics, the charges against our political leaders stick.

1. Unlike the French, who have never had any difficulty with

the concept of black Frenchmen, or the Americans, who brought themselves, mainly by moral exhortation, to accept full equality of rights, the British have lacked the self-confidence and the political leadership to adopt a mental definition of "Britishness" which for practical purposes includes blacks or which persuades blacks to adopt it themselves. Successive governments since the mid-1960s have taken an entirely defensive attitude to the race issue. It has been bottom of the list of priorities, a vote-loser.

In spite of endless Cassandra warnings from those working in the field, nothing serious has been done to spread equal employment opportunities for blacks throughout Britain's economy, to reform police complaints procedures, or to make the coloured community feel that they had a stake in being British—that authority, in other words, was their authority.

2. Politicians have been altogether too apologetic in the face of "small is beautiful" arguments and have failed to produce a persuasive defence of "diversity in unity".

The alternatives open to us are not necessarily "big" or "small"; they may be "small, frankly and unsuccessfully trying to struggle on its own" and "small, with its own independent functions, banded productively into a wider union". This confusion has a baleful influence on the Devolution debate. The political battle was a tactical fought between hard-line centralists and hard-line devolvers, the Devolution Bills being uneasy compromises between the two camps rather than being offered as a genuinely constructive way of making Britain work better.

At the other end of the scale the EEC debate has also been a victim. The Common Market has been presented to the

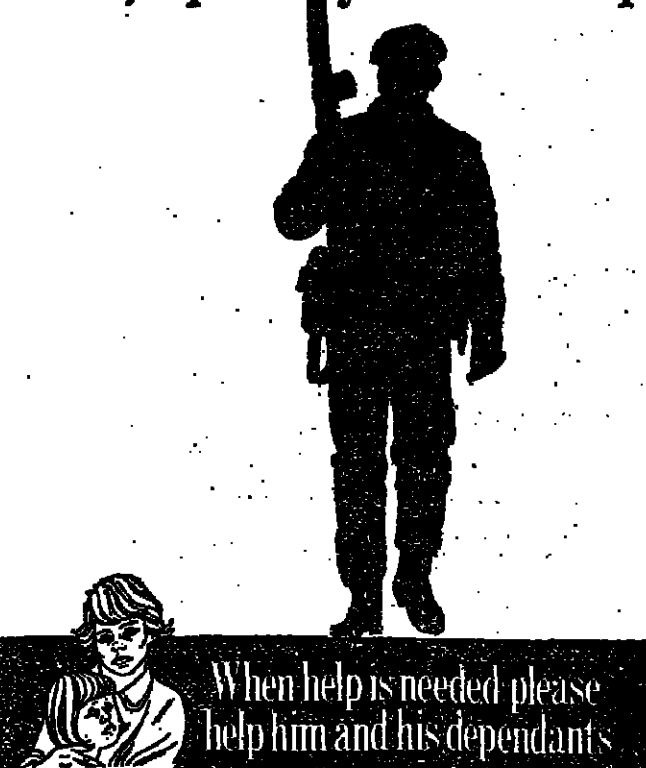
### All could be lost by default

Nobody supposes that politicians can produce a genuine national self-confidence and patriotic consensus overnight. (It is easy enough to whip up jingoism in a hurry but that, as I said earlier, is a different matter.) Nor can anything be done to make the nation feel that it could be a great nation (if it could Mrs Thatcher's attempt to instill some British pride into her listeners by a frankly nationalistic approach would have produced the desired effect long ago). What we need, and what we have not had for 20 years, is a settled spell of good government and moderate, persuasive political leadership.

All the same, government, by its actions, and by its presentation of issues, has a choice between staking out the claims of a valid British state which deserves the loyalty of its citizens and their children, or to go by default. One does not get the impression that Mrs Thatcher and her colleagues are thinking in these terms; and they are suffering for it. Patriotism, as Nurse Cassell would say, is not enough; but unless there is enough of it around government becomes very difficult.

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## A space age facelift for the Mona Lisa

Carlo Pedretti, the world authority on Leonardo da Vinci, will have some exciting news for art lovers when he gives a lecture, enigmatically entitled "From submarine to Skylab", next week. His talk accompanies the exhibition of Leonardo's religious studies and the Codex Hammer, which receives its private view at the Royal Academy today and opens to the public tomorrow. In the talk Professor Pedretti will announce that he has restored the Mona Lisa—without touching it.

He told me yesterday that Leonardo was one of the first people to observe in a scientific way, the blueness of the sky. The master's attempts to explain the colour were—for the time—broadly correct and apparently he incorporated his theories into his backdrop for La Gioconda—that's one of the things that gives the painting its special quality.

In the past few months, Professor Pedretti and Skylab scientists in southern California have been studying photographs taken by Skylab of outer space to explore in great detail just how light produces this blue effect in the sky. They now think they have found the answer, and this has helped Pedretti, who is professor of art history at the University of California at Los Angeles, to work backwards from "special transparencies of the present, I gather, somewhat dirty, Mona Lisa, to produce a number of slides of how she would have looked on the day she was painted.

A computer, developed to enhance space photographs, has been programmed with Leonardo's theories enabling his intentions to be re-



started. But what were viewers of its local news programme, Granada Reports, offered on Monday evening? A half-hour film of coverage was indeed stone-age farce. A crew was sent to Liverpool to shoot a half-hour special. Unfortunately, someone overlooked an agreement with the film technicians' union, the ACTT, which forbids local news crews

produced. Professor Pedretti will show his transparencies in his talk. The professor did not confuse me with further scientific details but I gather that the news is especially exciting for picture restorers since it means they can now treat expensive paintings in an experimental way without risk.

### Inside story

Jubilant at Paramount Pictures in Hollywood over its imminent release of *First Monday in October*, in which Jill Clayburgh plays a blonde, conservative judge from an American sun-belt state who becomes the first woman appointed to the United States Supreme Court. On the heels of President Reagan's nomination of Sandra O'Connor as a United States Justice, was beginning to scan *Variety*, bible of the showbiz world, to see what his next move will be.

## THE TIMES DIARY

The weekend rioting at Toxteth in Liverpool was, arguably, the biggest local story in Granada's catchment area since commercial television began.

The reason for the lack of coverage was indeed stone-age farce. A crew was sent to Liverpool to shoot a half-hour special. Unfortunately, someone overlooked an agreement with the film technicians' union, the ACTT, which forbids local news crews

to shoot more than 800ft of film (roughly seven minutes on screen) without the aid of a bigger unit.

The crew got the programme together only for the ACTT—which in this instance might stand for the Association of Cretaceous and Triassic Technicians—show its fossilized attitude by pulling the plug. The next idea was to mount a studio discussion, but then the Neanderthal Union for the preservation of the Jurassic (NUJ) said that if ACTT were not going to play ball, they wouldn't play either; and there would be no programme at all about the riots.

Not really so different from the average Flintstones plot.

### Five-star solution

I had intended not to return to the subject of getting rid of guests who have outstayed their welcome, but a letter from the Rev D. G. Richards of Merioneth has changed my mind. He writes: "Most of my friends visit me for what I call a ' Windsor Castle', which is dinner, bed and breakfast. This is the way that the Queen entertains when the court is at Windsor. A nice idea; I can see it catching on. Last week I suggested that all these hints should be brought together in a book, which could be left at the guests' bedside. I now hear that something very similar, *The Ghostly Guest Book*, by Andrew McCall, will be published by Hamish Hamilton on October 1.

On the one hand, Mr McCall gives us Rose Heaton's poem, *The Perfect Guest*.

"Cancel it, dear. I object to the county being held the children's bed exam results."

And changed at junctions as she should.

She brought a light and smallish box And keys belonging to the locks. When offered lukewarm tea she drank it.

And did not crave an extra blanket. She never came downstairs till ten. She brought her own self-filling pen."

And on the other, Adrian Porter's *The Perfect Pest*:

"... She brought a maid of minx-some look. Who promptly quarrelled with the cook."

She smoked and dropped with ruthless hand Hot ashes on the Steinway grand. She snubbed the wealthy dull relations From whom my wife had expectations. My advance copy is already on guard in the spare bedroom.

### Sister Stark

Dame Freya Stark, the Arabist explorer, writer and linguist (she speaks 10 languages) is in her 89th year, but still an active traveller. Yesterday she was in London to add a new title to her list of honours: she was invested as a Sister Commander of the Order of St John of Jerusalem at their Grand Priory in Clerkenwell. She holds honorary degrees from Glasgow and Durham universities, but I understand one of her proudest titles is the Founder's Medal of the National Geographical Society.

Dame Freya lives now in the beautiful Veneto hill town of Asolo, following the example of Robert and Elizabeth. Ever and Eleonora Duse. She has been in hospital recently with back trouble. Visitors found her sitting up in bed, bright-eyed and smiling, wearing a charming lace cap—"the peasants here used to make these—alas, they don't any more."

Her concessions to great age are few: "I still swim and ride a horse and I read a lot; I can even manage without glasses. I hadn't looked at Latin for ages so I've got a fascinating volume here of Sallust's *Catalina Wars*. So useful—Latin on one side and English on the other."

Unlike many great travellers, Dame Freya does not possess a travelling light. I always take three bags: I need one for my riding clothes alone. And I'm never without my big felt hat."

Peter Watson

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## THE SOILED COIN

When events as shocking as those at Toxteth, Manchester Moss Side, Salford, Southall or Brixton occur in any country they provide a test of the quality of that society. It is a test not just of its capacity to restore and maintain public order, critical though that is, but of its ability to do so while preserving its own fundamental decency. The temptation now is to seek a refuge in simplistic explanations of the horror. The trouble can be attributed partly to racial conflict, partly to unemployment, partly to hostility towards authority in our society. Yet none of these explanations is adequate as a full interpretation. What has been so disturbing in the comments of many of those involved has been the stream of hatred, disaffection and irresponsibility. When the safety of persons and property is so wantonly, and often irrationally, put at risk it is the fabric of the national community that is in jeopardy.

### The obligation of leadership

At such a time there is a particular obligation upon all of us, but especially upon those holding public office, to behave and to speak in a way that is most likely to relieve the hatreds in society and to restore confidence. That was clearly the purpose of the Prime Minister's party political broadcast on Wednesday evening. But it is unlikely to have had the intended effect. She failed to raise the tone of her remarks to the level of events. Not for the first time she was unable to strike the right note when a broad sense of social understanding was required. This was not an occasion for self-justification, for the defence of economic policy — whether it is right or wrong — or for scoring points on the ordinary battleground of politics.

The Prime Minister curiously made no serious attempt to speak to the younger generation, white or black, who make up the vast majority of the rioters. She specifically addressed certain authority figures in our society. She singled out parents and teachers with good cause, since the decline in the family and the school as strong and positive influences towards responsible behaviour by our youth is a modern development which we all regret. She did not, however, acknowledge the role and responsibility of government, including her Government, as a central source of authority which helps to set the tone within which social relationships are conducted. Her own style, as has been discovered to their pain by, among others, adversaries in her own Cabinet, in Northern Ireland, and in the EEC, is fierce, unyielding and confrontationalist. It has qualities of openness and honesty which attracted many in the last election, especially after years when our leaders seemed prepared to compromise any principle for the sake of a temporary and deludingly quiet life. It is not, however, a style suitable to all situations. Where social and racial tensions are involved, it can too easily aggravate divisions when we need greater harmony.

If Mrs Thatcher failed to rise to the occasion, others have sunk to unworthy levels. Certain newspapers see only black hooligans not white ones; their crude depictions of events have contributed to racial prejudice. Mr Enoch Powell promotes this fantasy; if he would divert a tithe of

his misplaced eloquence to promoting tolerance and understanding Britain would be a better place. And it is anyway nonsense to suggest, as he does, an inescapable connexion between colour and street rioting. The rioters in Toxteth, Manchester and Brixton are all white and so are they in Mr Powell's adopted Ulster.

But it is to Government that people naturally look for an appropriate lead on these times, and it is a depressing fact that this administration has never been strong in its handling of social tensions, whether caused by race, unemployment or any other factor. Too often the attitude has been that it is the job of ministers to apply the right economic policies, and then it is up to everyone else to respond. But it is not so easy as that to run a modern, highly urbanised society. Sometimes, it is true, the Government has been excessively criticized. The Nationality Bill, in particular, has been stigmatized as a piece of racialist legislation. That is unfair. The cause of good race relations will not be served by a soggy liberalism. The broad lines of the Bill — though by no means all the details — have been consistently supported by *The Times*, and there is no reason to change that judgement. Restrictive immigration rules, and widespread public knowledge that these rules are restrictive, are a necessary condition for the general acceptance of the minority communities who are and will remain a part of British society, whether anyone likes it or not.

### The fallacy of integration

But the more that the Government feels it necessary to act so as to ensure that the rules are tight, the more necessary it is for ministers to demonstrate by word and deed that they really are concerned for race relations. With some notable exceptions, such as Mr Whitelaw, the Government has failed in this task. There was Mrs Thatcher's notorious reference before the election to the widespread fear of being "swamped" by immigrants, a fear which she seemed to be not just describing but endorsing. Since the election the Prime Minister in particular has failed to take opportunities to guide the public discussion of race relations as much as possible along constructive lines.

No Minister has shown the understanding and foresight demonstrated in opposition by Mr Peter Walker in his open letter to the Prime Minister Callaghan to five years ago and which we reprinted on Wednesday. Nor is it simply a matter of words. No British government has had an effective strategy for our inner cities. Previous Labour administrations have certainly poured in public money. But it has been too often wasted by unimaginative local authorities in the shackles of inefficient and greedy public service unions. The present Government has seemed less concerned than most about having a strategy. Many of its actions have, in the short term at least, been detrimental to the deprived inner urban areas. The rate support grant system has been modified to the detriment of such localities as Toxteth. Neither party has seriously sought to involve its local citizens in the management and revitalisation of their own local communities. Vigilantes arise only when community life has long failed.

## HIGH STREET GAS

The gas workers could do their own cause no greater harm than by going on strike next week to prevent the gas industry's showrooms being sold off. Nor could the management of the Corporation do itself more harm than appearing to sympathize with them.

If the nationalized industries have gained a poor reputation in the public eye, it is at least in part because they have appeared too often an unholy alliance between management and workforce to preserve the interests of the industry against those of the consumers. If Sir Denis Rooke, Gas Corporation chairman, feels he has not got the public support he might have hoped for in resisting the Government's divestment plans, it is largely because many of his customers have had all too painful a personal experience of the standards of service given by his industry.

Yet Sir Denis — unyielding and obstinate though he may be in the defence of his Corporation's interest — has a point. Gas has special safety aspects. Its appliances cannot simply be sold to be plugged in

by the customer himself like an electric fire or cooker. The gas is inextricably mixed up with the servicing and installation part of the business, at present largely carried on by the state corporation. There is evidence to suggest that, however much the individual customer may complain about the erratic comedies of the service, he would prefer to call on a central organization with public responsibilities to provide this back-up service.

Sir Denis may be right in a sense. The present approach of the government is to judge nationalized industries on narrow cost accountancy. But as public services they have wider responsibilities; indeed this is implicit in the public's criticisms when they fall below expectations. Some customers, it is true, will benefit if gas appliance retailing is left to the forces of competitive large stores; they will shop around and seek good independent gas fitters. But it does not necessarily benefit the ten million customers who pay their bills across the counter of gas showrooms, the customer with an old appliance who needs a

What the riots have revealed is how little most of us understand the difficulties experienced by many people, especially young people in run-down city centres, in Britain today. Britain is a multi-racial society with a good deal of racial hatred, yet little is done to enable people to comprehend and combat the evil of racism. It will not be resisted by preaching integration. That is a fallacy of the sixties. It is unrealistic, it is questionable if it is desirable, and it raises more fear and animosity than it dissipates with its overtones of inter-racial sex, marriage and a coffee-coloured Britain. Tolerance does not require that every Englishman should have a black man for his neighbour or that every Asian should forget his cultural identity. Instead we must acknowledge and understand the existence of social pluralism in Britain. Our society is composed of a patchwork of different races and cultures making it inevitably less homogeneous than a generation ago. The ideal in this situation is not integration but "equal opportunity, accompanied by cultural diversity" in an atmosphere of mutual tolerance, to use the words of Mr Roy Jenkins.

The Government cannot be expected to resolve such a complex and volatile problem overnight. At a minimum it can be required not to make matters worse by word or deed. More positively it should urgently examine these policy areas which bear upon the racial situation. Youth unemployment, despite the Prime Minister's protestations, must be of importance: we still await Mr Prior's long-trailed proposals. The Government might also reconsider its separate but related decisions to reduce provision for training and further education. Every place removed from this sector is another young unemployed with time and frustration to join in street violence.

### The obligation on all

Measures can also be taken at little or no cost to improve the career prospects of coloured employees. Government contracts are an under-used weapon against discrimination. One of the most effective measures in the USA has been to promote qualified coloureds to positions of obvious authority — in the army, the police and above all the public service — so that the coloured community can identify with those who take decisions as well as those at the receiving end. In Britain the upper ranks of the civil service, local authorities, the military, the police, teaching (and journalism) are almost entirely white. The Government could make an immediate start by asking the public service actively to identify coloured employees suitable for promotion to high office. Citizens who share in all facets and privileges in a society are more likely to respect its authorities and its way of life.

In the end there is a limit to what any enlightened government can do about racial hatred. It can limit its expression but not its existence. The sickness lies in the minds of individuals and it is individuals who must resist it in themselves and in others, rejecting the easy prejudices of daily life. This is a moral case and a practical one as well for we all have a vested interest in living harmoniously together. Everybody who deals momentarily in the soiled coin of prejudice conspires at the poisoning of our society.

part which no high volume retailer can be expected to keep, and those who worry about safety standards. Nor will it assist British manufacturers in need of a secure home market.

The important questions that should be asked about the gas industry are about its overall structure. Is it possible to run a highly centralized gas industry which covers every aspect of the business from North Sea exploration to appliance retailing? The case for reforming this structure is strong and should be debated. The fundamental question about its selling and service side is how it can be made to operate more competitively, with effective pressures to perform better. In what naturally tends to be a monopoly industry in any country.

Mrs Oppenheim's move is in this sense an irrelevance, and one that might be as damaging to the consumer as to employees in the industry. By phasing the disposal over five years she has disposed of time for reconsideration. The national gas management should use that time constructively. By assuaging the customer in the apparent interest of their own job security they confirm the case against themselves.

## Breeding grounds for violence

From Professor Gordon Cherry

Sir, The events of Liverpool Toxteth amply illustrate the fundamental socio-economic changes which are currently taking place in metropolitan areas. From the mid-1960s onwards important trends of decentralization have been observed whereby the inner cities have emerged as problem areas of economic collapse, social deprivation and environmental decay. The 1981 census results confirm the extent of population drift to suburban and rural areas, and high unemployment rates in the inner city point to the degree of economic contraction.

These problems are going to be with us for the rest of the century and we should not delude ourselves into thinking that recovery from recession or the adoption of short term palliatives which attack the symptoms of the problems rather than the root causes will achieve very much.

Millions of words have been spoken by writers and the last decade has seen just these things, and occasionally politicians (notably Peter Walker in the early 1970s and Peter Shore with his Inner Urban Areas Act, 1978) have got the message. But yet we have not seen when violence finally erupts.

The issue, really, is one of community despair at perceived deprivation, the loss of life chances through poor housing and lack of jobs and the absence of any escape route through education. Social discipline having broken down, violence on the streets is a response by communities for whom enough is enough.

Are politicians really capable of committing themselves long term to principles of environmental recovery and economic and social justice? Further, it is not strange that at the very time when the manifest complexity of the metropolitan city is being recognised, we turn our backs on the social sciences (economics, sociology, social administration and planning), disciplines which we need for greater understanding and problem solving in our cities. Yours faithfully, GORDON CHERRY, 20, Blackthorne Close, Solihull, West Midlands, July 8.

From Mr Tony Baldwin

Sir, As a former police officer once involved in "riots" I offer the following thoughts on the recent disturbances, albeit from the safe distance of the legal establishment.

1. Public disorder can be a stimulating and releasing part of police work which often involves long periods of inactivity and boredom.
2. Extremely strong group psychological forces can act in the

## Strategy for training

From the President of the Association of Principals of Colleges

Sir, This association is rather alarmed at the implications of the Employment and Training Bill which is now in the House of Lords. The avowed intention of this proposed legislation is to allow the Secretary of State to extend industry's reliance on voluntary arrangements for training needs cannot be transferred, the operating costs of training, from Government funding to industrial financing and abolishing many, if not all, of the industrial training boards. The Secretary of State will have the power to close training boards which are not effective and to transfer the training costs to the industry. This may be a good idea, but it may be a bad idea for the industry. The industry will have to pay for the training of its own staff, and this may be a bad idea for the industry.

Your readers will recall that the 1964 Industrial Training Act was introduced because the government of the day recognised that the industry was not doing enough to train its own staff. The industry could not be left to the voluntary provision of industry. It is our view that, to abandon the present ITB infrastructure and revert to voluntary arrangements, rather than devise an improved system more able to meet national training needs, cannot be considered to be a rational action.

The consultative document, *A New Training Initiative*, issued in May by the Manpower Services Commission, makes it clear that there is an urgent need to develop a new training strategy. We believe that this would be impossible through any form of voluntary arrangement. Yours truly, L. K. STREET, Principal's Office, East Herts College, Hemel Hempstead, Herts, July 3.

## The railway sandwich

From Mr N. B. Clayton

Sir, Railway food will probably not be missed because of its quality but its convenience merely, and perhaps as a traditional target for abuse which is now being used to justify the proposed article, July 4. The Trollope in the novel *He Knew He Was Right*.

"We are often told in our newspapers that England is disgraced by this and that; by the unfitness of our army, by the irrationality of our laws, by the immobility of our prejudices, and what not, but the real disgrace of England is the railway sandwich which is eaten by the poor and the rich alike, such a thing of shreds and parings, such a dab of food, telling us that the poor bones whence it was scraped had been made utterly bare before it was sent into the kitchen for the soup pot. In France one does not eat the railway sandwich. That is 1868: can there be an earlier record? And what about conservation of our national heritage? If railway stations can be

police particularly at such public disorder.

3. The more violent and bewildering the disorder the greater the tendency of the police to see themselves as the last defence, which can lead to a "mission" like fervour and isolation from the very community they are appointed to protect.

4. Such tendency as in 3 can lead to the use of extra-legal means by the police to protect the establishment (including inquiring judges and barristers) and the sincere belief that those means are justified for a wide variety of reasons.

5. The police may feel let down by the establishment and they are apparently protecting and developing a "ghetto" mentality of their own, which infinitely complicates the task of unravelling the causes of public disorders.

6. It is a sophisticated task for any senior police officer in charge of operations at large-scale public disorder to prevent and detect crime and see the wider social implications of orders he may issue. The less well the officer knows the area the more difficult his job will be.

7. If the police are seen as an extension of central government by those disturbing the peace, then the present economic policies of the government have unpleasant implications for the police which will not be mitigated by the military-style equipment (such equipment may worsen the position of the police in the longer term).

8. Such dilemmas for the police as arises from the situation in 7 can lead back to 3 and a continuing and deteriorating spiral.

9. The characteristics of this sad situation are the alienation of a government with a harsh economic and social policy from its people, the use of an isolated police force to control the ugly manifestations of long and short-term deprivation, and the complete lack of confidence of minorities (including white unemployed) and their lot will significantly improve in the short term.

Yours faithfully, TONY BALDWIN, Cannon Lodge, Ferry Road, Bray, Berkshire

From Mrs Marian Sugden  
Sir, I recall the words of Sir Stanley Holmes, one-time Clerk to the City of Liverpool, speaking at a degree day dinner at the university there, ten years ago, when he said he could not believe that all the crime, violence and vandalism experienced then was the work of happy, well-heeled people with good jobs.

Yours truly, MARIAN SUGDEN, Trinity Hall, Cambridge, July 8.

## Cut in music sales

From the Secretary of the Music Publishers' Association

Sir, The Music Publishers' Association, in common with many others, deplores the recently announced Government plans to close the BBC Transcription Service and strongly urges those responsible to reconsider this decision. The demise of this department which is responsible for selling the finest British musical radio programmes around the world would be a major loss both artistically and commercially to the national interest.

Many of our composers and performers are the envy of the rest of the world, and at a time when music is being increasingly neglected by severe financial and other pressures at home it cannot be other than folly to prevent these abroad from hearing and appreciating the very best of British music and musicians. We are justifiably proud of the high musical standards set in Great Britain and the abolition of the transcription services if implemented would represent a severe restriction on the musical talent of this country being heard overseas.

Commercially, too, it cannot be sensible to deprive the country of a valuable area of foreign exchange income which is derived from sales of music programmes to foreign broadcasters. Quite apart from those who would be directly affected through loss of employment, the cuts would cause a great deal of hardship to composers whose earnings would be reduced by loss of performing rights fees from foreign broadcasts and from resulting public performances of their works.

Yours faithfully, PETER DADSWELL, Secretary, The Music Publishers' Association Ltd, 103 Kingsway, WC2, July 7.

## Doctors' hours

From Mrs Brenda Bowcock

Sir, Is it not surprising that lorry drivers and airline pilots are restricted in their working hours because of possible danger to human life, yet hospital doctors can have a full day duty and still be expected to work much of the night and operate the following day?

Yours faithfully, BRENDA BOWCOCK, Manor Farm, Park Lane, Eton, Stoke-on-Trent, July 7.

## Universities and economic growth

From Professor Harold Perkin

Sir, You say in your leader of July 3, "Universities under the knife." It cannot be demonstrated that a large university sector, nor even higher education as a whole, makes a country more competitive. You are right: it cannot be demonstrated that a plentiful supply of any necessary resource, raw materials, capital or willing labour, makes a country more competitive, for the simple reason that no successful country would be foolish enough to try to prove such a fanciful argument.

In the modern world of high technology and — a point easily forgotten — complex and delicate human organization, ideas more than land, capital and labour are the primary factor in the production of wealth, since products embodying obsolete ideas are as unsaleable as sinking fish. Universities exist to produce both ideas and the people to apply them. If Britain fails to employ such people productively while other countries succeed, that is not the fault of our universities which, as will be shown, can compete with the best in the world.

What can be demonstrated is that all those countries which have overtaken this first industrial nation in gross domestic product and in living standards per head overtook us first in the size of their higher education systems. The United States, Canada, Scandinavia, the major EEC countries and, above all, Japan all put higher education high on the list of prerequisites for economic growth. To take the most recent and spectacularly successful example, Japan raised her gross domestic product per head fourfold, from an index (1970 = 100) of 40 to 128, while Britain raised hers by a mere 45 per cent, from 78 to 113. At the same time Japan decisively overtook us in living standards per head, with a rise in per capita national income (at current prices) from \$417 to \$4,478 as against Britain's increase from \$1,261 to \$3,530.

A correlation is not a cause, of course, and higher education is not the only factor in Japan's success, but the Japanese themselves give it the highest importance in their past and future economic development. (See the Report of the Second Hiroshima International Seminar on Higher Education, Higher Education, for

the 1980s, Hiroshima University, 1980.)

It is all the more astounding, therefore, that neither the government nor the press in floating over the cuts in our higher education sector, should have noted that it is already the smallest per head population in the developed world. Only its high quality and superior efficiency — we produce graduates comparable with the best anywhere in three years instead of four or five and with wastage rates of around 10 per cent instead of 50 per cent or more — have enabled us to maintain our leading place in the international academic community.

According to a study by my friend Professor Akeo Arimoto of Osaka Kyokko University, Britain stands second only to Sweden in the number of Nobel laureates per head of population with twice the proportion of the United States. In any international comparison British academics can hold their heads high. I wonder whether the same can still be said for British politicians, British civil servants or British managers?

By cutting university grants Mrs Thatcher's Government is mortgaging the future economic growth of the de-industrializing, as it would seem from their actions, is their aim, there is no quicker road to it than to reduce our only permanently renewable resource, the innovative skills of our young people. A third-world standard of higher education will rapidly produce a third-world standard of living.

One further point: it has not escaped your notice Sir, that the London Business School is the only university institution scheduled for an increase in University Grants Committee grant (*Times*, July 3). When can we accuse Mrs Thatcher of ingratitude to her friends? Since Professor Alan Budd and his team are now almost the only academic economists forecasting success for her strategy, (*Sunday Times*, July 26) should not the funding of the London Business School be transferred from the UGC to the Conservative Central Office? This would save £1.5 million per annum by 1983/84 towards paying for the redundancies of their colleagues which their and her policies are creating.

Yours faithfully, HAROLD PERKIN, Past President, Association of University Teachers, Furness College, Bailrigg, Lancaster, July 7.

## New look at planning

From the Chairman of the Council for the Protection of Rural England

Sir, The Standed airport proposal would change for all time such an immense tract of valued English countryside that it really is inconceivable it could ever go ahead. Sir Colin Buchanan calls (June 22) for the scheme to be dropped and for the aviation industry to be urged instead by its political masters to develop in directions that will not trigger the intractable environmental and political conflicts which present plans make inevitable. Sir Colin is surely right.

What would such a change of speech entail? It is hard to say precisely, but the problem is hardly without precedent. Take recent developments in the water supply industry, for example. There too is an industry whose massive supply schemes (led, we were always told, by ever-growing consumer demands) have historically attracted implacable opposition. But recent indications, including the Environment Minister's admirable landmark decision last year not to permit a reservoir at Broad Oak, Canterbury, make the prospect for future such schemes distinctly uncertain.

The water authorities' response to their new circumstances shows promise. Fresh approaches are gaining ground, which 10 years ago would have seemed inconceivable. Unobtrusive demand management, more domestic metering, promotion of increasingly water-efficient appliances (WCs, taps etc) — are gaining momentum.

Water supply schemes less inflexible and obtrusive than new above-ground storage reservoirs are gaining favour — not universally, of course, but there are signs in the industry of a growing recognition that it is more sensible to plan strategically to avoid pitched battles, which like the British Airports Authority the industry is increasingly likely to lose. Instead, ways of sidestepping such confrontations are being built into long-range plans.

One way or another the Standed proposal is likely to teach the aviation (and tourism) industries a similar lesson. Either they can learn now and withdraw gracefully, or they can persist with the scheme, only to discover at the end of it all that a massive new airport is no longer a sensible or acceptable proposition in England's countryside. The prudent course would seem to be to set their considerable combined ingenuities to work immediately on dissolving the problem, as Sir Colin has recommended.

Will it be possible to find ways of meeting future passenger "demands" without a major new airport in the South-east? That surely is the wrong question. Better to ask instead how the industries can adjust their long-range strategic planning, their future research and development policies to work within the new political realities they now face.

In a situation like this, as the water industry is beginning to find, necessity is the mother of invention. Yours faithfully, ROLAND WADE, 4 Hobart Place, June 24.

## Lloyd's rebels

From Mr N. E. Dangoor

Sir, Mr John Rew's move (report July 2) to start a second association is not in the best interests of external members of Lloyd's. What we need is an independent body not one dependent on other people and perhaps subservient to their views.

An extraordinary general meeting of the Association of External Members of Lloyd's was called in March by Mr Rew and his faction specifically to oppose Lady Middleton and her team but the rebels were soundly defeated. Moreover, the annual general meeting of the association will be held at Lloyd's on the 21st of this month to consider and adopt a draft constitution, to approve the accounts, to decide the annual subscription, to elect the committee and discuss all aspects of the association's policy. If this democratic procedure does not satisfy Mr Rew and his group then it is possible that they are only out to make trouble.

Yours faithfully, N. E. DANGOOR, 25 Albert Hall Mansions, Kensington Court, S.W.7.

## Spirit of St Louis

From the Very Reverend Roger Mercurio, CP

Sir, As a native of St Louis, Missouri, I was quite pleased on my recent visit to your city to read in the June 25 issue of *The*

Flight of fancy  
From Mr N. E. Schooling  
Sir, What a delightful coincidence that the first solar-powered aircraft to fly the Channel (report, July 8) was piloted by Mr Pracek, whose name, in Czech, means a little bird!



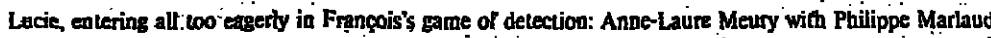




## More proof that money does not bring happiness

### Gate 3, Camden Town

The story is built with geometric symmetry. François is 20; Anne is 25; Lucie is 15. As François explains, with a sense of portentous discovery, "I am exactly between you". Everyone is attracted to two people at the same time. François is in the course of an affair with



The film exerts a dual charm of artifice and reality. It all takes place in a very real Paris, closely and affectionately observed — the Gare de l'Est sorting office; the cafes; Anne's minuscule apartment under the eaves which, the aviator critically notes, would be much better if it had a kitchen, but

Alternately each comforts or torments the others with white lies. Anne refuses to ally François's quite unjustified suspicions of a rendezvous with the aviator. Lucie strenuously denies any love interest in the life of the aviator. François betrays Anne in the arms of a boyfriend. It is when François is amiably deceiving Anne, by not revealing to her that the aviator is lying to her, that she speaks the words which provide the secondary title of the film. "She says she's not lying to me," she tells her when he is thinking. He tells her he is thinking nothing. "You cannot think of nothing," she snaps. With

The technical marvels of Dolby sound do the rest. Evidently there is a lot to be said for this sound system when it comes to extreme volume or curious pitch, but on the evidence of this film it does not cope to well with the human

Jesus (William Hurt) carries his experiments in altering his state to a point at which he becomes a "carnal, flesh-and-blood, spine-crawling, ape-man, who goes marauding about the city zoo; and thereafter to still stronger states of being, until he achieves all-conquering power of love in the end after ultimate disaster.

The comically swift dénouement with a bare-skinned clench, a clench, a clench, is a little misal of the story as simply a not-too-necessary starting point for a dazzling display of psychodrama offerings unpretentiously and unambiguously made use of every possible technical device — macro-photography, lasers, time lapse photography, and so on — to work — to achieve wild and wonderful images. Fish fly through lurid clouds, a nine-headed serpent is crucified, the hero's transformation scenes are extraordinary elec-

"When he started," cracks Bob Hope with more shrewdness than charity "he couldn't spell Tennessee. Now he owns the place. He's got to be, or at last, to succumb under the strain of success. Onstage he could seem happy and fulfilled. His private life was distorted by the glare of publicity. He's been numbed with narcotics and the debaucheries of sheer boredom. Among the extraordinary documents is coverage of one of the very last conversations he's had with the stage, a gross, lumbering, dazed wreck. He confuses the words of one song, reads another off a paper. Yet even at this extreme the audience could still achieve a brief revival."

**David Robinson**

## Miniature scoring in radiant bloom

## Glyndebourne



None of this would be

## Paul Griffiths

## Assembly Rooms, Chichester

In its day (1726) the opera was esteemed less for such refinements than for its spectacular scenes, like the opening battle, which allegedly could be heard at Charing Cross from Handel's theatre in the Haymarket (where *Amadeus* now plays). Opera 70's performance

Michael Waite, who sang the bass part of *Clitus*, produced in relaxed fashion, letting the singers move to vague purpose, and the orchestra, in the last of the period, and react insufficiently to events. Probably it was a mistake to treat Roxana as slave girl rather than princess; but Margaret Southwell sang Faustina with such authority and grace, her bright and musical voice, placing the line nicely and showing touches of wit. Her rival Lisaura, Ann Brown, sang with some pleasing touch, but sometimes lost both pitch and interest flag. Alexander, the Senesino role, was spiritedly done by Ann Lampard; although it lies low for her, she showed the same quality in the castrato part and sang vigorously, accurately and often subtly.

## Stanley Sadie

# Harmony all round

### St Paul's/Radio 3

Norrington began with an apparent *ne plus ultra*, Schütz's *Veni, sancte spiritus* for four separately disposed choirs of voices and instruments, a knock-out of antiphonal sonority in St Paul's; and he ended, equally grandly, with another telegraphic thriller, *Es erhub sich ein Streit*.

# English equation of privilege and style

## Chichester

...the name mankind's slave race and ultimately destroyed mankind, the adaptation by Kenny Murray is thoroughly British, inclined to the merciless finger-pointing of the Victorian anatomists, with blatant characterizations of all the most visible public figures in British life.

Subtlety is one of the losses of that approach, but there is something so fiendishly accurate in the result. The end of the world becomes a thing observed.

The newsre is there, of course. Mr Campbell is not a director to withhold the sight of the treasure splashing around, and the live television is a live picture as well. Most striking of all images is the opening sequence with natives on a South Sea island hunting the newsreels while a bank of television screens shows pictures of a small pearl swimming.

He then moves to live coverage of the play, with a television camera transmitting the performance of Andy Raskleigh's

Despite some marvellous impersonations from the company, brought to Riverside Studios from the Liverpool and Manchester production, and some admittedly few, outrageously tasteless scenes featuring the heads of state and church, there is at times the cumulative television effect: it would seem entirely reasonable to leave your seat and raid the refrigerator.



strictly limited people and  
persuading you to find them  
entertaining and even likable in  
spite of their political opinions  
and toothy escorts.  
Patricia Hodge, in this sense,

## Bellamy's Backyard Safari

I was not quite sure where the evolutionary part came in though doubtless all will be made clear. Certainly the close-up photography by London Scientific Film, and the visual

All irresistible stuff, though some viewers may be persuaded by his revelations to take another look at those cracks in garden path and backyard — and fill them with cement.

**Dennis Hackett**

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## Riverside

more than ever it was in the  
 clare. Ken Campbell's stage  
*War with the Neutrs* is a swim  
 down the corridors of power.  
 Where Karel Capek inclined to  
 a universal metaphor, with a  
 futuristic twist, that the  
 became mankind's slave race  
 and ultimately destroyed man-  
 kind, the adaptation by Kenny  
 Murray is thoroughly British,  
 inclined to the merciless finger-  
 pointing of the Victorian  
 at the most blatant  
 caricaturizations of all the most  
 fashionable figures in British  
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Mr Campbell and Mr Murray would probably offer a more literal *War with the Neutons* in the future. It could conceivably be better, but would probably lack the comic immediacy of the present version which is genuine old-fashioned satire, played by a clever team of actors, which confronts the establishment of opinion-makers and politicians with the Apocalypse. It suggests that humanity's last survivors will be: Malcolm Muggeridge and Robin Day.

professor he now is — is considerable. This must have made him, comparatively speaking, a somewhat noisy and unwelcome intruder below ground but, no matter, this full-scale visitation was technically brilliant and very pleasant. I am sure that non-botanists might call them, probably realize that he does it for love. I was not quite sure where the evolutionary part came in though doubtless all will be made clear. Certainly the close-up photography by London Scientific Film, and the visual

the greenhouse gutter and the garden pond, airborne among the spores and pollen grains, and caught fast in a spider's web. No doubt with one bound he will be free, harrying away in the T-shirt and shorts that must be a throwback to his days as a black-chickadee.

All irresistible stuff, though some viewers may be persuaded by his revelations to take another look at those cracks in the garden path and backyard — and fill them with cement.

**Dennis Hockett**

**Peter Gill's Riverside  
Cherry Orchard"**

(Times)

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# Sharlie's Wimpy is the colt that bears the print of a winner

By Michael Phillips  
Racing Correspondent

Anything coming so soon after an excellent feat of racing such as the one we have just enjoyed at Newmarket would usually be an anticlimax. However, there is an opportunity today to see one of the two-year-olds in action at Lingfield Park and another at York. Paul Cole is adamant that Sharlie's Wimpy is a colt that bears the print of a winner.

The formbook certainly contains plenty of evidence to support Cole's high opinion of Sharlie's Wimpy. He won the British Stakes at Newbury in June by beating Tender Kinship who then went on to win the Windsor Castle Stakes at Royal Ascot. More recently, Tender Kinship finished second in the July Stakes at Newmarket. Earlier in the season, Sharlie's Wimpy finished just behind End of the Line at Bath and that form was substantiated at Newmarket on Wednesday when End of the Line beat Tender Kinship by a short head in the circumstances it will be more than just disappointing if Sharlie's Wimpy fails to give weight and a beating to his eight rivals today. Later in the evening it could be on target with Comedian (8.5) and Regain (9.5). There is every reason to believe that Comedian will face harder tasks in the future when the handicapper has had time to reassess him. He easily won his last race at the Easter Festival and has not been penalized for that success for the simple reason that it was a victory in a race confined to apprentices and not carry a penalty. So he seems to have a good chance of winning the Lingfield Handicap. Sharlie's Wimpy, Regain, my selection for the Red Sky Maiden Stakes, could hardly have shaped more encouragingly than they have in their first over the course and distance. He finished third to Fair of Face and Amira and in so doing gave me a good judge of the indelible impression that a similar race was there for the taking in the not too distant future. He should be her day because her opposition is not as strong as it was before.

Winter Words and Man Overboard, who finished second and third respectively behind Street Market at Wolverhampton, would

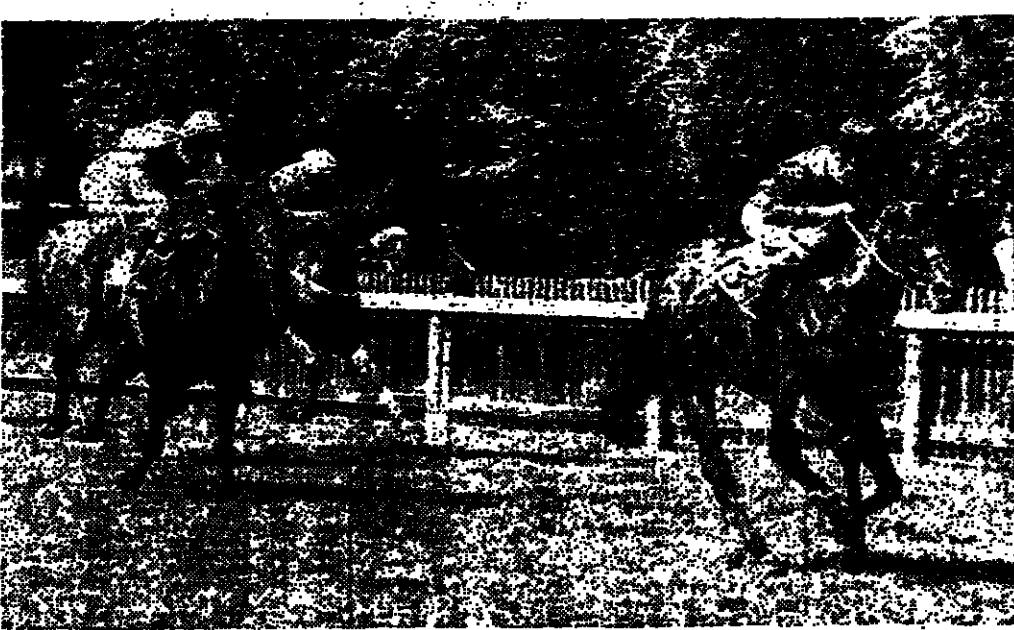
# Shergar stays in European service

By Michael Seely

European breeders have been given an astounding victory at the William Hill July Cup at Newmarket yesterday as Shergar, the winner of both the English and Irish Derbies, was sent to Ireland at the end of the colt's racing career.

Thirty-four shares are on offer at a price of £250,000. The Aga Khan's intention being to keep six for his own use. This places a capital value on Shergar of £10m.

Phenomenic as it may seem, this represents a generous gesture and drawn attention to the fact that Shergar on this side of the Atlantic. For there is little doubt that breeders in the United States would be prepared to pay half as much again for Shergar.



The head of a duchess with a cook's farewell behind: Maxwell showing her wares.

Shergar were to beat the older horses easily in the Ascot race the day after tomorrow. It is inconceivable that breeders will not be falling over themselves to snap up shares in this outstanding horse.

It was an afternoon of fluctuating fortunes for Shergar and his jockey, Walter Swinburn. Early in the morning the trainer and Swinburn drove to Partman Square, where the jockey collected a 10-day suspension for his reckless riding of Hard Fought against Master Willie and Velle in the Joe Coral Eclipse Stakes at Sandown Park last Saturday.

and a further length and a half ahead of Sonoma, the crack French filly.

Marwell and Moorehead looked magnificent in the paddock. The old saying that the ideal filly has to be like a duchess with a cook's farewell behind could have been coined with Marwell in mind. She is not very big but her powerful quarters were packed with muscle and condition.

Stakes on End of the Line on Wednesday.

After leading throughout in the Lingfield Handicap, Shergar had to survive an objection from Tony Clark, the rider of the runner-up, On Her Own. Clark claimed that Shergar had taken his head in the last furlong. The stewards decided that Shergar had crossed the line and the objection was ruled out. Shergar was then ridden to the post by Swinburn.

# Jokes and smiles greet Ronnie Corbett's first winner

The smiles were broad and the jokes galloped at Brighton yesterday as Ronnie Corbett greeted his first winner, Ta Morgan, the 3-1 joint favourite.

This was a highly popular success and there was no doubt about the outcome from the moment Graham Sexton, going the shortest way on the inside, slipped into the lead at halfway. He should have been to the post, but he was not to be. He was overtaken by a half and a half to spare from the top step, and he was overtaken by a half and a half to spare from the top step, and he was overtaken by a half and a half to spare from the top step.

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## York programme

[Television (ITV): 2.30, 3.0 and 3.30 races]

101	2.15	WALMAGE HANDICAP (3-y-o: £2,691: 1jm)	101	3.15	PHILIP CORNELL STAKES (3-y-o: £3,567: 6f)
102	2.25	101-102	102	3.25	101-102
103	2.35	101-103	103	3.35	101-103
104	2.45	101-104	104	3.45	101-104
105	2.55	101-105	105	3.55	101-105
106	3.05	101-106	106	4.05	101-106
107	3.15	101-107	107	4.15	101-107
108	3.25	101-108	108	4.25	101-108
109	3.35	101-109	109	4.35	101-109
110	3.45	101-110	110	4.45	101-110
111	3.55	101-111	111	4.55	101-111
112	4.05	101-112	112	5.05	101-112
113	4.15	101-113	113	5.15	101-113
114	4.25	101-114	114	5.25	101-114
115	4.35	101-115	115	5.35	101-115
116	4.45	101-116	116	5.45	101-116
117	4.55	101-117	117	5.55	101-117
118	5.05	101-118	118	6.05	101-118
119	5.15	101-119	119	6.15	101-119
120	5.25	101-120	120	6.25	101-120

## Lingfield Park programme

6.45	2.15	TWILIGHT STAKES (Selling: 2-y-o: £918: 5f)	
1	00	0 Chalmers, T Marshall, 8-11	D McKay
2	00	Putra Tilar, J Boll, 8-11	P Waldron
3	00	000	



# Gilts rally

§ Forward bargains are permitted on two previous days.

مكتبة ابن الأثير



Has the Revenue  
too much  
power? page 21

# Business News

THE TIMES July 10 1981

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**Stock markets**  
FT Index 519.0 down 3.4  
FT Giks 64.0 up 0.19

**Sterling**  
\$1.8775 down 20 pts  
Index 929 down 0.6

**Dollar**  
Index 111.1 up 0.2  
DM2.4632 down 85 pts

**Gold**  
\$406.00 up 67.50.

**Money**  
3 mth sterling 131-133  
3 mth Euro \$ 181-181  
6 mth Euro \$ 181-181

## IN BRIEF

### 3-D sound for royal wedding

The royal wedding on July 29 is to provide an ideal opportunity to demonstrate the versatility of a unique British invention financed by the National Research Development Corporation (NRDC).

Called Ambisonics surround-sound, it is intended to record sounds exactly as they would be heard if a person were present at the live event. It could be described as the sound equivalent of three-dimensional vision.

The technique is based on research by Oxford and Reading Universities.

The BBC which is broadcasting the royal events live on television and radio will use the surround-sound tapes recorded during the historic occasion for their archives and demonstration.

### Failures on the rise

There were 44 per cent more company failures in the first half of this year than in the same period of 1980, according to Dun & Bradstreet, the credit rating agency. But worst was London, where 806 companies, or 35 per cent of the 2,296 total, were liquidated. The home counties, West Midlands, north-west and north-east regions also suffered badly. Retailing companies had 362 liquidations, building 362 and textiles 334. Motor trades and engineering also suffered.

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### French order for ICL

International Computers Ltd has been awarded a contract by La Fromagerie Perreault of France for a system valued at \$80,000.

### £7.6m Telecom order

British Telecom has ordered £7.6m worth of telecommunications equipment from GEC.

### Tank deal for Rolls

Rolls-Royce Motors has won a further £20m contract to supply power packs and spares for the British Army's new main battle tank, the Challenger. The tank will be the first to enter service with the Army powered by Rolls-Royce diesels.

### Occupation ends

Some 1,700 workers have complied with a court order by ending their 14-day occupation of the Ford plant in Amsterdam.

### Waterway aid possible

Government acceptance of an amendment to the Transport Bill in the House of Lords could boost private investment on inland waterways. The Government has indicated its willingness to consider applications for grants towards construction of freight transport facilities.

### Safety legislation

Employers will have to ensure adequate first-aid arrangements for their workers under the new Health and Safety (First-Aid) Regulations 1981, which were presented to Parliament yesterday and come into force next July.

### Offshoot jobs

Hopkinson's, the Huddersfield-based valve manufacturer, has set up a subsidiary, Hopkinson's Sales & Service, which will be employing 100 people in a year's time through three companies at Cumbernauld, Paisley and Llandough, near Cardiff.

### Builder's plea

Employers and unions in the building industry met Mr Michael Heseltine, Secretary of State for the Environment, yesterday, to plead for a change in Government policy on investment for the industry. Mr Heseltine promised to convey their point of view to the Cabinet.

## Imperial chief quits as profits fall £41m

By Richard Allen



Mr Anson: Compensation could reach £300,000

Mr Malcolm Anson has resigned as chairman of Imperial Group, the tobacco to brewing combine, only 18 months after taking the £100,000-a-year post. His departure came as the group shocked the City yesterday with news of a £41m profits slump from £70.7m to £29.7m in the six months to April 30.

He is to be replaced by Mr Geoffrey Kent, former chairman of the group's Courage Brewery division, after a boardroom row over management policies.

Mr Kent, whose Courage operations provided one of the few bright spots in the interim results, said that Mr Anson's departure had nothing to do with the latest figures.

He said that the board had gradually come to disagree with the former chairman's decentralised, hands-off style of divisional management. "There was no crunch point—no vote was taken, Mr Anson just gathered he was in the minority."

He added that the board would be adopting a more centrally-controlled style of management.

The group would not comment on compensation terms but, with three years of his contract to run, Mr Anson could receive up to £300,000.

Imperial Group's shares fell 6p to 62½ after the results.

Imperial, whose cigarette brands, including John Player and Embassy, account for more than the British market, was severely hit by the Budget duty increases of 10p a packet. They are thought to have reduced consumption by more than 10 per cent.

The Budget accounted for more than 15m of the £23.5m plunge in tobacco profits of £26.1m.

The group also said that it spent between £13m and £14m promoting its John Player King-size brand to try to retain its market share despite increasing competition.

An even greater disappointment to the stockmarket was the showing of Imperial's American Howard Johnson's restaurants division, which reported a year-on-year loss of £2.4m.

Imperial cashed in £300m of gilt holdings, built up from tobacco profits, to buy Howard Johnson's.

The takeover was widely criticised in the City, which was already suspicious of what were seen as ill-judged diversification by tobacco groups.

Imperial had already been pilloried for its 1978 takeover of the J. B. Eastwood eggs and poultry group for £40m. This group produced only £2.4m profits in the first half.

Mr Kent defended the Howard Johnson move yesterday, saying that it was hit by recession and reduced holiday trade in Florida, where the group is strongest. He added that later figures were most encouraging.

Mr Anson, who took over as chairman after several years as deputy to Sir John Pile, said last night that there was often more than one opinion on how a group should best deploy its managerial resources.

"To resolve these differences, I have come to the conclusion that Imperial Group should have a change of chairman."



Mr Kent, hands-on management again.

## Huge rise in central borrowing caused by Civil Service dispute

By Our Economics Staff

Central government borrowing in the three months to June is provisionally estimated at £7,371m compared with £4,619m in the same period of 1980.

But the increase of some £2,750m is more than accounted for by the £3,250m to £3,750m overpayment that the Government believes it has "lost" as a result of industrial action by civil servants.

Disclosing the figures in a Commons reply, Mr Leon Brittan, Chief Secretary to the Treasury, said that the extra interest represented 33 per cent of the total paid to non-industrial civil servants in salaries and wages in the present financial year.

In June itself, the central government borrowing requirement (CGBR) is put at £2,400m, compared with the same month last year. The impact of the Civil Service action during the month is estimated at about £1,000m.

On the face of it, the underlying trend of the CGBR looks to be broadly on course. But it is still early in the financial year, and the longer the civil servants' action continues the more difficult it becomes to know precisely how much of the "lost" revenue will ultimately be recouped.

In the three months to June, the additional interest the

### CENTRAL GOVERNMENT BORROWING REQUIREMENT

	Monthly total £m	Cumulative total £m
1980-81		
June	1,331	8,419
July	858	9,277
Aug	1,352	10,629
Sept	1,012	11,641
Oct	1,182	12,823
Nov	2,435	15,258
Dec	2,438	17,696
Jan	1,784	19,480
Feb	682	20,162
March	860	21,022
1981-82		
April	2,408	23,430
May	2,400	25,830
June	2,400	28,230

Government has had to pay as a result of its increased borrowings to cover its revenue shortfall have been put at £70m to £80m.

If the dispute remains unresolved, the interest cost is estimated to rise to about £140m by the end of July.

A breakdown of the latest figures shows that consolidated fund expenditure rose by 9.4 per cent in the latest quarter compared with the same quarter last year. Revenue was down by 6.2 per cent, or some £800m.

Net loans by the National Loans fund were some £700m down on last year.

## Japanese agree on car curbs

From Peter Hazelhurst Tokyo, July 9

Japan has agreed to hold its share of the United Kingdom car market down to 11 per cent this year.

The agreement was reached today at talks in Sapporo between representatives of the British Society of Motor Manufacturers and Traders and Japan's Automobile Manufacturers' Association.

The Japanese delegation, led by Mr Takashi Ishihara, president of JAMA, also agreed in principle to curb the exports of light vans to Britain this year "on a voluntary basis."

But the Japanese team said it would be impossible to meet Britain's demand that shipments of commercial vehicles should not exceed 11 per cent of the market.

In a face-saving formula designed to save the talks the British delegation, in turn, agreed to withdraw its proposal which would penalize Japanese manufacturers for exceeding the 11 per cent ceiling last year.

Earlier, the British delegation led by Mr Geoffrey Moore, SMMT chairman, claimed the Japanese had broken a gentle agreement by capturing 13 per cent of the British market last year. As a consequence SMMT has asked JAMA to reduce its share of the British market by 0.9 per cent—about 14,000 units—to 10.1 per cent this year.

The formula evolved today came 17 hours of talks lasting into the early hours of the morning.

But, significantly, the two delegations failed to issue a joint communiqué today, which would have been a welcome sign of agreement in writing on any specific pledge on the issue of export restraints.

A spokesman for JAMA said its delegation was greatly relieved that a formula had been evolved to save the talks before the British delegation's departure for London.

"We are worried that if we do not solve our problems on an industry-to-industry basis the situation might deteriorate and lead to protectionism."

The British delegation has asked Japanese manufacturers to restrain exports to a level not exceeding 11 per cent of market for light commercial vehicles this year. But Mr Ishihara claims JAMA cannot hope to meet the demand because 12,000 Japanese commercial vehicles, accounting for 13.5 per cent of the British market, were sold in the United Kingdom during the first five months of the year.

In all Japan had already shipped 16,000 vans and other commercial vehicles to Britain this year, Mr Ishihara told the British delegation.

According to British estimates the demand for passenger cars will decline from 1.51 million last year to 1.41 million this year. At the same time the demand for commercial vehicles will rise from 272,000 units to 285,000 units. The SMMT told Japanese manufacturers that they would have to restrain their shipments of light lorries and vans.

## Petrol rises may start new price war

By Edward Townsend

A new petrol price war in Britain may be on the way if the big oil companies attempt to increase pump prices by another 6p or 7p a gallon.

They are considering a rise following the slide in the value of the pound against the United States dollar. But many fear that because prices went up by 10p a gallon just a month ago, there will be considerable market resistance to another increase.

It is also argued that discounting may be resumed, particularly in competitive urban areas, if a gallon of four stars goes up to 143p and that the oil companies may be forced to reinstate garage subsidies.

The withdrawal of price support by the major companies resulted in last month's price rises, which, with few exceptions, have held throughout the country.

Petrol companies said in June that they had to withdraw subsidies, which in the case of BP and Esso were £1m a week, in the hope of ending the cut-throat competition between garages in towns and cities. Some filling stations were selling at prices as low as 143p a gallon.

According to reports yesterday, BP and Esso are to increase their prices by 2p a gallon but these are unlikely to stick unless the major retailers follow suit. A spokesman for an oil company said yesterday: "We have reports of some people driving miles to save 1p a gallon even though this is far outweighed by the cost of getting there."

Petrol companies now will have to weigh the possibilities of renewed discounting against the losses they are suffering on downstream refining operations.

A statement yesterday by Mobil illustrated the industry's cautious approach to pricing. The June increase, it said, was a necessary first step towards reducing significant losses but was insufficient and was the best that could be accomplished in the market circumstances.

But then the weakening of



An eye on rising prices while filling up in London yesterday.

the pound automatically put up the price of crude oil, which is traded in dollars. "We are continuing to review our position," said the company.

The decision on June 15 to cut North Sea crude prices by \$4.25 to \$35 a barrel was welcomed by the oil companies with refining interests although BP Oil, for example, gave warning that it needed a further reduction to return to profitability. Since then, the major companies say that the pound's fall has wiped out much of the advantage of the North Sea price drop.

However, the refiners regard as encouraging a significant rise in petroleum prices at Rotterdam, Europe's centre for spot purchases of motor spirit and crude oil. Average Rotterdam petrol prices in May were \$348 a tonne, this week they have risen to \$385 a tonne.

This is believed to be because of considerable buying and reselling of cargoes, but the petrol companies hope the increase marks the beginning of an upward trend in spot prices. Cheaper petrol bought in Rotterdam was the basis of much of the recent fierce price cutting in the north of England. About 20 per cent of Britain's petrol is bought on the spot market.

According to the latest issue of the authoritative Petroleum Intelligence Weekly, there are signs of a modest recovery of spot crude oil prices. Arabian light crude has risen by up to 50 cents to about \$31.85 a barrel and a similar increase has boosted North Sea Forties crude to a spot level of \$32.50.

Latest figures from the Institute of Petroleum show that United Kingdom demand for petrol in the first quarter was at its lowest since March 1964. Inland deliveries totalled 19.1 million tonnes, a fall of 14.7 per cent from a year earlier.

## British Steel plans to create 17,000 jobs

By Peter Hill, Industrial Editor

The British Steel Corporation, which has axed more than 60,000 jobs over the past three years, is to attempt to create 17,000 jobs in affected areas by 1984.

They would be in addition to the past.

Mr John Dumbard, chief executive of BSC (Industry), the corporation's job creation subsidiary, said when the company launched a new campaign yesterday: "At a time when the impact of steel closures is being felt by the general economic situation, we cannot rest content. Our steel areas are uniquely attractive to industrialists."

"Ours is an unbeatable package in Britain and stands comparison with anything in Europe."

The company has received requests for information from 5,000 companies in the past three years and a tenth of them

were helped to create jobs.

So far this year, the company has received 800 inquiries about job opportunities. It believes this reflects a considerable entrepreneurial spirit.

In its latest campaign, the company is to appeal by direct mail to leading companies and senior executives in the autumn.

By last March, the company had negotiated, or was negotiating, £150m worth of cheap European Coal and Steel Community loans to relieve the problems of steel closure areas.

A unique BSC (Industry) and European Social Fund training grant scheme, initially involving £2.8m, was launched last year.

□ The Stelrad central heating group, Metal Box's major diversification outside packaging, is to close its boiler-making plant at Swinton, near Mexborough, South Yorkshire, with the loss of 260 jobs.

## Howell to meet gas unions

Union leaders of 106,000 gas workers are to meet Mr David Howell, Secretary of State for Energy, today.

The meeting will be to discuss the implementation of the Government's recent decision, to order British Gas to cease retailing and sell off its 938 showrooms within five years. Department of Energy officials said Monday's planned national

one-day strike by gas workers would not be discussed.

The gas unions have warned that if the Government implements its plans in full, there will be an indefinite all-out strike.

However, Whitehall sources were suggesting yesterday that there might not be legislation in the coming Parliamentary session.

## Texaco rumours persist

Wall Street was buzzing with rumours today that Texaco is about to make a bid for a rival oil company, possibly even Conoco, which has agreed to a \$7,300m (£3,883m) bid for it by Du Pont.

Citizens Service of Oklahoma, the 20th largest United States oil company, is also seen as a likely Texaco target. The New

York Times today quoted unnamed "authoritative sources" as stating that Texaco would definitely make a bid for Cities Service and that Texaco is completing arrangements now on a loan for about \$3,000m. Yesterday Cities Service said it was not in any merger talks and wishes to remain independent.

## Rush to buy up indexed stock

By John Whitmore, Financial Correspondent

The City, still astonished at the Government's decision to sell indexed-link stock offering a real rate of close to 3 per cent, rushed yesterday to buy the rump of Wednesday's £1,000m stock issues.

Remaining supplies of the stock, amounting perhaps to £400m-£500m, was sold at the start of the day's business at £86½ per cent compared with the £86 at which stock had been allocated in Wednesday's tender.

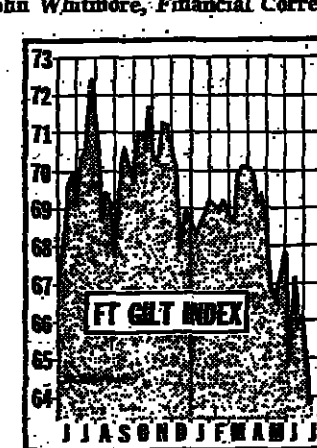
By the close of business, investors in the stock were already sitting on handsome paper profits with the price standing at the equivalent of £88 in fully paid form.

Conventional gilt-edged stocks were also encouraged by the sell-off. Prices recovered up to half a point of Wednesday evening's heavy falls in early trading, and the Government broker was able to sell a modest amount of the short-term Treasury 11½ per cent 1985. Later in the day, however, the market turned easier again.

After the diversion of the indexed-link stock issue, all eyes were turning back last night towards developments on the dollar interest rates.

The market is still uncertain as to how far the Federal Reserve's policy may change as a result of this week's meeting of the open markets committee.

But while short-term dollar rates remained tight, and the Federal Funds rate was once more above the 20 per cent level, dealers noted the Fed's



leave the Bank of England's minimum lending rate unaltered at 12 per cent caused no great surprise and had been largely discounted in foreign exchange markets.

The general assumption is that the Bank will now be content to allow the 1 per cent rise or so seen in money market rates this week to continue, without a corresponding increase in MLR itself.

Only if sterling comes under renewed pressure in the coming weeks and money market rates rise still further is the Government likely to consider an MLR rise.

Meanwhile, the handling of Wednesday's sale of the Government's second indexed-link issue has set off a considerable debate both within official circles and in the City.

What seems clear is that there was considerable over-optimism as to the amount of the stock that pension funds would be prepared to buy on the basis of a 2½ per cent yield, hence the need to cut the price to a yield basis of 2.9 per cent to ensure both that a significant quantity of funding could be achieved and that pension funds would be interested in further issues of such stocks if the Government wished to make them.

The main criticism is that the Government is having to pay over the odds because of its restriction that the stock can be bought only by pension funds.

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## Panel turns down appeal by Collins

By Philip Robinson

The Takeover Panel yesterday upheld the decision of its own executive that the 9.5 per cent stake in William Collins & Sons (Holdings) bought by Mr Rupert Murdoch from Mr Robert Maxwell was unconcerned with other deals made between the two on the same day.

The decision, dismissing Collins' appeal against the executive's original ruling, came after two hours of discussions between the full 13-member panel headed by Sir Jasper Holman.

Mr Murdoch's News International is bidding £25m for Collins which has rejected the takeover. The Maxwell stake brought Mr Collins' holding to around 42 per cent. Collins challenged the share purchase because, had it been connected with other transactions, it may have breached the takeover rules.

In the Stock Market, the price of Collins' voting stock jumped 10p to 238p. It is understood that around 8,000 shares changed hands, but the buyer is still a mystery.

Earlier this week Sheppards and Chase announced it had bought a small amount of stock for an associate of Collins. Both Collins and its merchant bank advisors, Henry Schroder Wagg, denied all knowledge of the buying and said yesterday it was neither of them.

## ATKINS BROTHERS (Hosiery) LIMITED

The following are salient points from the Chairman's Statement to Shareholders:

- Group profits for the year ending 31st March, 1981 amounted to £448,476 (£509,924). Taxation takes £145,809 (£253,904). A change in the method of providing relief against taxation for changes in the value of stocks results in £621,700, which had been provided as deferred taxation in previous years, no longer being required, and so total profits after taxation amount to £924,587 (£256,020).
- Whilst turnover was up by 5% on the previous year, profits were down 12% showing, I regret to say, continuation of the pattern of decline in our margins. The Company's finances are in good shape, and it is for this reason that your directors are recommending the final dividend be increased to 3.65 pence which brings total distributions for the year to the same level as last year.
- The overall market demand for the Company's products is reasonably healthy in quantity, but tough on margins because of intense competition both from within the UK and from abroad, and sales generally are not expected to improve until the Autumn/Winter months.

Makers of "LUCKY CHARM" Tights, Stockings, Ladies' Underwear and Knitwear.

"HIGH CROSS" Men's and Boy's Underwear, Knitwear and Sportswear.

"JOLYNE" Ladies' fully fashioned and made-up Knitwear.

## PRICE CHANGES

<b>Rises</b>			
Breckon Mines	5p to 68p	Kinross	37p to 57½p
Bracknell	9p to 119p	Middle Wits	20p to 65½p
Bracknell Eng	8p to 123p	Rana Mine Prop	10p to 34p
Colliers W	10p to 238p	Seaford	16p to 37½p
Colliers V	37p to 35½p	UC Invest	18p to 53½p
<b>Falls</b>			
APV Ind	10p to 258p	GEC	10p to 715p
EAT Ind	15p to 346p	Hammerhead A	10p to 62½p
Blue Circle	10p to 158p	Hawker Siddeley	10p to 318p
Corall Dresses	15p to 45½p	Lasmo	13p to 504p
Electrocomp	15p to 75½p	Sekers Int	3p to 14p



## FOREIGN

## Mexico oil sales fall by 50 pc

Mexico's oil sales have dropped by about half as its attempt to raise prices by \$2 a barrel drives away customers, according to Western analysts.

They estimate that the total loss of sales since early last month at some 700,000 barrels a day. Mexico's exports had been approaching 1.5 million bpd. Economists believe the country will now have to make heavy new borrowings because of the loss of revenue if it is to sustain growth.

The Mexican state oil company Pemex cut prices by \$4 a barrel to \$30 last month in the face of the world oil glut, but this caused strong criticism within the country. Pemex now seeks a \$2-a-barrel price rise.

## US sales to China

The Reagan Administration has reduced restrictions on sales of high technology equipment to China and will treat it more favourably than other Communist nations, the Commerce Department said yesterday. Licence applications for more technically advanced products will be considered on a case-by-case basis.

## Shell in Peru

The Peruvian government and Royal Dutch/Shell will tomorrow sign a contract for oil exploration in the South-east Amazon area of Peru. Shell will receive a concession of about 2.5m acres and will invest \$100m (£52m) in the first two years.

## Bauxite threat

The National Workers Union has said it will shut down Jamaica's bauxite industry if five companies do not resume wage negotiations by the weekend. The companies involved are Alcan Aluminium, ALCOA, Reynolds Metals, Kaiser Aluminium and Chemical, and Alpart.

## Ford Brazil strike

Ford's Brazilian subsidiary has asked the Ministry of Labour to take the first step in arbitrating a strike by 9,000 workers. One of Ford's three factories in Brazil is idle, and the company is losing production of 340 cars per day.

## US help for Chile

The Inter-American Development Bank has said it will provide loans totalling \$161m (£83m) to help Chile rebuild its main North-South highway.

## Japan lends to China

The government-owned Export-Import Bank of Japan has agreed to provide China with loans totalling 42,000m yen (£96m).

## German pessimism

West German output is still likely to fall by about 1.5 per cent this year despite a recent surge in export demand, the German Institute for Economic Research said in West Berlin.

## Cutback in oil exports will shrink Arab dollar surplus

By Melvyn Westlake

The Middle East oil exporters' huge petrodollar surplus will fall sharply next year, according to today's *Economic Outlook* from the Organization for Economic Co-operation and Development.

After reaching \$120,000m (£63,830m) in 1980 following the second big price rise, the surplus generated by the Organization of Petroleum Exporting Countries is predicted to drop to about half that in 1982—\$65,000m. However, little reduction is expected in the surplus this year.

The main reasons for the decline next year are a drop in OPEC oil exports and an increase in OPEC imports of other goods.

The decline in output in Britain is forecast to end in the final three months of this year, and to be followed by a modest recovery next year.

Despite this, employment is expected to continue to fall through next year and inflation to decline to an annual rate of 8 per cent in the second half of the year.

As the petrodollar surplus shrinks, the current account deficits faced by some industrialised countries, notably West Germany, France, Italy and Canada, should improve. The United States on the other

hand, is expected to see its current account swing from surplus to deficit.

For many developing countries, however, the situation is already serious and getting worse. Those which are net oil importers will together face a deficit of \$61,000m this year, compared with \$53,000m last year.

The *Economic Outlook* says that many of the poorest countries may simply be unable to increase their imports because their reserves are inadequate, external finance is not available and more of their export earnings must be earmarked to meet debt repayments and interest charges.

## Two forces at work

The 24 OECD members are still being affected by two principal forces: the second oil shock, in 1979-80, and the tight policies adopted to meet it.

Recent changes in currency values may also be affecting overall demand in industrialised nations and, more significantly, the distribution of demand between them.

General business activity in the big seven industrial nations has held up better than ex-

pected at the end of last year. This was because North America and Japan performed better than expected, but it was partially offset by weak economic conditions in Europe.

At the same time, economists at the OECD secretariat have now revised downwards their predictions of output in the second half of this year and the first half of next. The recovery will be delayed by six months or more, the *Economic Outlook* says.

Although the deflationary effects of the second oil price increase is now beginning to work itself out, Government policies have become more re-

strictive. Budgetary policy got tighter last year in some countries and is likely to tighten further this year, the *Economic Outlook* predicts.

## Outlook for inflation

Monetary policy also appeared to get tighter about the turn of the year. Generally, monetary targets for this year are tighter than those for last year, but at least nearly this is due to expected lower inflation. Interest rates have risen in several countries in order to resist downward pressures on exchange rates. These move-

ments may be transitory, the *Economic Outlook* says, but it believes that if high interest persists, business activity will be depressed further.

The short-term inflation outlook for industrialised countries has worsened, partly because of higher oil prices and partly because the fall in many currencies against the dollar has prevented the benefits of generally lower commodity prices from being felt quickly. Furthermore, the fall in European currency values will affect other import costs in many countries. The overall effect could be to worsen the inflation outlook by one-half to three-quarters of a percentage point for this year as a whole, and possibly for next year.

But, assuming no further change in currency rates, import prices are expected to have a dampening influence on inflation over the next 18 months.

Economic growth in the United States next year is expected to fall far short of the Reagan Administration's forecast of 5 per cent, the *Economic Outlook* said. It forecast that growth in America's gross national product would be more than halved to 1 per cent.

## INFLATION IN OECD AREA

(percentage changes seasonally adjusted at annual rates)

	Average 1969 to 1979	1980	1981	1982
United States	6.6	8.9	9	7.2
Japan	7.8	3.2	5	4.1
Germany	5.4	3.5	5	4.2
France	5.8	11.5	11.8	11.9
United Kingdom	12.6	15.2	13	19
Italy	13	12.9	12	13
Canada	8.1	10.5	10.2	11
Total of above countries	8.5	9.0	9	11.3
Other OECD countries	7.5	10.1	10	11.3
Total OECD	7.8	9.7	9.2	11.3

## Steelmakers seek cut in energy bill

By Peter Hill, Industrial Editor

Britain's steel industry claims yesterday that its annual energy bill would have to be cut by a further £125m to match prices paid by its principal European competitors.

The industry, which has been among the most vocal opponents of the Government's energy pricing policy, expressed its continuing concern at the high level of United Kingdom industrial energy prices in a statement from the Iron and Steel Working Party.

The sector working party said that the industry's bill for energy supplies this year would be about £521m after allowing for the estimated £15m-£20m reduction arising from the Budget measures.

Yesterday's statement from the working party, one of a series established under the umbrella of the National Economic Development Office, coincided with the announcement of European Economic Community Commission approval for the formation of a joint venture company between the BSC and GKN for the production of wire rods.

The new company, Allied Steel and Wire, will lead to a rationalization of Britain's capacity for production of reinforcing bars and wire rods.

It will, account for about 4 per cent of total EEC capacity for wire rod production and

will compete with six other major European producers. On reinforcing bars, the new jointly-owned company will compete with nine other European companies and account for 2 per cent of capacity.

Allied faces a tough battle to establish itself as a profitable concern.

Hopes for some stabilization and hardening of prices rest on the effectiveness of the Commission's latest package designed to eliminate subsidies, cut production and improve overall efficiency. The British Steel Corporation asked more than 45,000 jobs last year and at least 20,000 more will be shed under the latest corporate plan.

After last year's record losses by BSC, and a steep drop in steel consumption, the industry yesterday disclosed an encouraging improvement in production.

Last month average weekly output from the public and private sector totalled 326,900 tonnes, the highest since June last year and more than 14 per cent greater than in May. But output over the first six months of the year was substantially below levels of two years ago.

With last year's production distorted by the three-month strike at the beginning of last year.

## EEC urged to act on textiles

By Our Industrial Editor

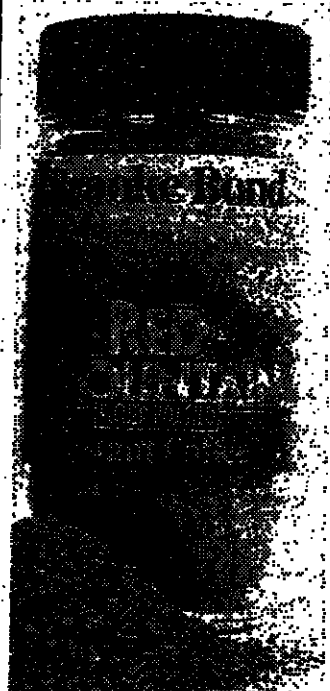
Europe's textile industry, which has shed almost one million jobs over the past eight years, has urged the EEC Commission to adopt a tough line on imports from developing countries in discussions which begin next week on the renewal of the GATT Multi Fibre Arrangement.

Comitextil, the Brussels-based organization representing the European textile industry and its three million employees, yesterday urged the Council of Ministers to ensure that in the talks with developing countries, textile imports were limited to an annual growth of no more than 1 per cent, which represents the estimated growth in EEC consumption of textile and clothing products.

In a letter to Lord Carrington, the Foreign Secretary and current chairman of the EEC Ministerial Council, Comitextil emphasized the importance of the EEC talks, which begin next week, to the future of the industry in Europe.

The organization stressed the need for European negotiators to establish a detailed negotiating position devoid of vagueness and ambiguity. It added that the industry would find it incomprehensible if the council merely listed its objectives in global terms.

Comitextil has called on the EEC to reaffirm basic objectives.



Red Mountain: grounds for optimism

## Brooke Bond finds a preference for coffee

By Our Commercial Editor

Brooke Bond Oxo, Britain's leading tea producer, with a third of the market, is putting £3m—its biggest spending yet on a single product launch—behind a dash for a larger share in the coffee market, of which at present it has only 7 per cent.

Its success will depend on whether research proves right that the biggest coffee-drinking segment of the population—the 16 to 35-year-olds—is demanding a stronger flavoured brew.

What has impressed Brooke Bond Oxo is that sales of fresh ground coffee last year rocketed by 10 per cent, leading to the biggest fresh coffee producers, Lyons Teley, part of Allied Lyons, into their first television promotional campaign, costing £500,000.

Brooke Bond Oxo believes that the heavy promotion of its new freeze-dried brand, Red Mountain, will not only

bring increased share of the present instant coffee market, which accounts for most of the total coffee market, itself worth £280m a year in sales.

With total spending by all manufacturers in coffee advertising now likely to be about £11m in the next 12 months, Brooke Bond Oxo already spends £1.5m on coffee advertising—people are expected to drink more of it.

Coffee is one of the few grocery sectors still showing growth, according to Brooke Bond Oxo, while the food market generally is largely static.

The average Briton at present consumes between two and a half and three cups of coffee daily, compared with four and a half cups of tea.

Tea sales in volume have been declining slightly but that does not reflect a lesser number of cups drunk.

## US firm pulls out of European Airbus

From Frank Vogl, Washington, July 9

The American General Dynamics Company has decided against participating in the construction of the 150-seat European Airbus. The Europeans had hoped their would be enhanced with the participation of a leading American manufacturer.

Only Eastern Airlines among American airlines has bought the wide-bodied A300 Airbus.

General Dynamics officials met the European Airbus management to discuss their involvement in the manufacturer of the 150-seat A320.

Mr David Lewis, head of General Dynamics, said the decision against joining the Europeans was taken "because we believe that opportunities with great near-term growth potential for General Dynamics will be forthcoming in areas other than commercial aircraft".

Mr Lewis said the company has said it will not go ahead with plans to build its 150-seat, fuel-injection jet liner, code-named 7-7, unless it can find at least one partner to share the \$2,000m (£1,063m) development costs.

## UK SHOE PANEL FORMED

A way of bringing British footwear manufacturers and retailers closer in the hope of increasing the British market's share of the home market is being explored.

A discussion panel has been formed with encouragement from the National Economic Development Office in an experiment based on successful similar arrangements in the clothing and textile industries.

There has been increasing anxiety among British footwear makers at the increasing market share taken by imports. The imports have been moving increasingly into the quality end of the market.

## Investment tax relief extended

By Philip Robinson

The Government yesterday widened the appeal of investing in small businesses by saying that tax relief would be available for those who invest in wholesale and retail distribution concerns.

The Government previously had defined the types of companies, and the accounting profession had made clear that they would find difficulty in recommending this investment to clients on such a vague definition, which could be open to many different interpretations by the Inland Revenue.

The new definition, in an amendment to the Finance Bill, emerged in a written Parliamentary answer in the House of Commons.

Tax relief now will be available to those who invest in companies that take physical possession of materials as part of their business. Those who merely buy and sell anything from steel bars to whisky will not qualify as a tax relief investment.

The Government also has reduced the minimum investment that will be allowed for tax relief from £1,000 to £500 (in any one company in any one year) in the hope of helping small investors.

People who wish to band together in "investment clubs" of put cash in small business through investment trusts will not have to prove their individual allowances with the Inland Revenue.

This will be done by the administrators of either body and relief will be split according to the amount invested.

The Government proposes to change the rules relating to capital gains tax on the disposal of holdings.

## CHARTER

CHARTER CONSOLIDATED LIMITED

## New investment exceeds £70 million.

Points from the statement by the chairman, Dr. Alfred Spinks and the chief executive, Mr. Neil Clarke for the year to 31st March 1981.

- During the past year Charter has invested or agreed to invest a total of over £70 million.
- Despite the activity of the past year we are not fully invested and with our strong financial position, substantial liquid resources and very low debt we plan to continue to build up our industrial and mining interests into a series of coherent divisions which link our central financial strength with skilled and decentralised operational management.
- There is little sign as yet of an up-turn in demand in the U.K. and this emphasizes the importance we place on being invested in industries which serve and can compete in world markets.
- We remain confident that our industrial and mining interests represent a base on which to build further and profitable growth.

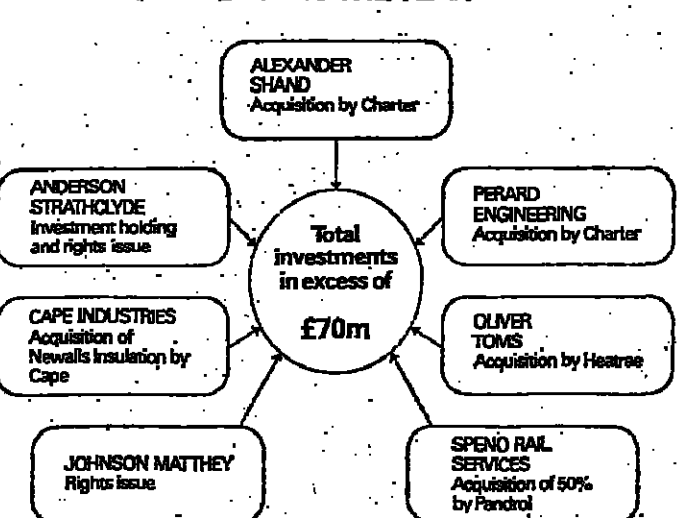
Copies of the Annual Report and Accounts can be obtained from 40 Holborn Viaduct, London EC1P 1AJ, or from P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

## Features from the accounts

	1981 £ million	1980 £ million
Profit before taxation	53.7	52.3
Attributable earnings	33.2	27.9
Extraordinary items—profits	49.3	57.0
Net assets (including appreciation of investments)	497.0	324.3
Earnings per share	31.7p	26.6p
Dividends per share	10.0p	8.35p
Net assets per share	473p	309p

NOTE: The results for 1980 cover the restructuring which occurred during that year and are not directly comparable with 1981.

## CAPITAL INVESTMENT MOVEMENTS DURING THE YEAR



## VAT hold-up forcing companies to borrow

By Nicholas Cole

Business groups, including some major exporters, are being forced to borrow money to offset the VAT repayments held up because of the Civil Service dispute, now into its 18th week.

The Confederation of British Industry says that companies have been unable to obtain their VAT repayments since March, and this is now leading to cash-flow problems as well as loss of business.

The reports we have had come from major exporters, construction companies and self-employed farmers who have been particularly badly hit, according to a CBI spokesman. The CBI has an informal contact with the Treasury on the issue.

A number of companies have also contacted the Small Business Bureau, a Conservative lobby group chaired by Mr Michael Grynlls, MP for Surrey North-west, and representations have been made to Treasury Ministers.

One of the more hard-pressed groups on the CBI list is the privately-owned Queenborough Rolling Mill, of Queenborough, Kent, which is "steadily getting into financial difficulties because of non-repayment of VAT by the Customs and Excise."

"Being a company that exports more than 75 per cent of its production, we pay out large amounts of VAT on purchases and receive very little in sales which are zero-rated. Thus, even after deducting PAYE due to the Inland Revenue, there is a large sum owed to us," Mr Ian Watson, joint managing director of Queenborough, says.

There seems to be little prospect of the company receiving any VAT repayments for a very long time. "Even if the industrial action (by civil servants) ends tomorrow, there is such a backlog of work in the Customs and Excise that it will be many months before they can approve repayments," he adds. The Excise department normally makes 10,000 repayments each day.

Meanwhile, Queenborough is also being forced to sell its products more cheaply.

The Government measures, first announced in April, effectively allow companies to offset PAYE contributions against the VAT repayments which they are owed. It was also said that the Inland Revenue would avoid "precipitate action" in case of genuine, temporary difficulty.

## EVANS OF LEEDS LTD

PROPERTY INVESTMENT GROUP

Group results for the year ended 31st March, 1981

- Record profits for 10th anniversary year of £2.5m.
- Shareholders' funds now £27.9m after valuation of recent acquisitions.
- Scrip issue of 1 for 1.
- Dividend increase of 33 1/3% to 4p per share.

COMPARATIVE FIGURES	1981 £	1980 £
Total Revenue	4,873,276	4,120,802
Net Revenue before tax	2,503,587	2,097,489
Shareholders' Fund	27,925,553	22,267,061
Dividends: Paid and Proposed	4p	3p
Earnings per 25p share	9.226p	7.197p



BY THE FINANCIAL EDITOR

# Rebuilding Imperial's image

Imperial warned shareholders of a substantial profits setback in the first half. But the plunge from £70.7m to £29.7m goes way beyond the City's worst fears, where outside forecasts were generally around £45m. Clearly, in these circumstances, something had to give and Mr Malcolm Anson, who took the chair only a year ago and who decentralised management control theories, apparently did not square with the rest of the board, has agreed to depart.

This move however is unlikely to restore boardroom credibility overnight particularly as many of the causes for Imperial's abysmal showing pre-date his appointment. As expected, trading profits from tobacco collapsed—from £49.6m to £26.1m—with a 12 per cent decline in the United Kingdom market as a result of Budget increases a major factor, although Imperial pumped out between £13m and £14m to promote its John Player brands in a bid to hold market share. But the real shock came from the controversial Howard Johnson acquisition, which turned in trading profits of £2.4m compared with £13.3m in the previous half and City expectations of around £15m.

Imperial blames the recession which reduced the holiday trade particularly in Florida and extra short-term costs mainly for refurbishment. The board was still waxing lyrical about Ho-Jo's potential yesterday, but the echoes of the Eastwood takeover are all too clear. In fact, Imperial's diversification into foods has yet to prove even remotely successful. The division saw trading profits slump from £5.4m to £2.4m as weak prices and high feed costs squeezed the poultry industry. The only bright spot has been Courage, where major rationalization moves and a claimed volume rise of 7 per cent have pushed up the contribution £3.5m to £23.1m.

Meanwhile, the effect of Imperial's gradual exchange of its £350m gilt mountain for Ho-Jo's equity has been to multiply net interest charges almost by four to £25.4m. Imperial's forecast of around £83m for the full year, against £124m, would be just sufficient to cover a maintained dividend on a historical basis, but current-cost cover would only be around three-quarters. So an historic yield of 16.7 per cent after a 6p plunge to 62p last night is 'possibly academic'.

Income funds, however, are likely to go on giving Imperial the benefit of the doubt and with takeover talk likely to recur, last night's close could be the floor. Imperial's hunger for growth status, however, seems as far away as ever.

● Even before the City had time to embark on its post-mortem on the handling of Wednesday's index-linked stock offering, the Government Broker had managed to dispose of the rump of the issue. That, at least, enabled the authorities to claim a success of sorts, though it was not a success that many found particularly impressive.

What the authorities have now discovered is what the authorities and many fund managers were telling them from the start, namely that pension fund managers will buy index-linked stock on a yield basis of close to 3 per cent.

Now that fact has been established we could presumably see further issues, so long as the Government accepts the price that has to be paid. And that, of course, is the nub of the matter. Will the Government now accept that this is the price to sell such stocks to this particular category of investors? If not, then it has the choice of either abandoning indexed stocks or broadening the scope of the market beyond pension funds to bring more demand.

Montague L. Meyer

## On a see-saw

Meyer's results follow the gloomy pattern set by International Timber and May & Hassell, which have both recently reported trading losses and reduced dividends. In Meyer's case the magnitude of the downturn is considerably greater. Losses of £5.8m pretax in the second half left Meyer showing a £2.7m annual loss to March 31 compared with a profit of £16.3m the year before.

With the final dividend cut by more than two-thirds and the shares unchanged at 67p,

Meyer now yields only 6.4 per cent which is not much of a prop for the shares. The group, though, along with others in the timber sector, has been supported by takeover speculation and despite last year's net losses which wiped nearly £9m from reserves, the group still has a net worth of £102m or 168p a share.

Having relied so much on rising timber prices to swell profits in the past, the industry came badly unstuck last year as the drop in construction activity and new housing starts led to lower demand and prices and stocks were unloaded in the face of high interest rates. Meyer, the largest timber wholesaler in the country, was also caught out with forward commitments of Russian timber at fixed sterling prices and was undercut by others, able to use the rising pound to import more cheaply.

This time Meyer will be protected by currency clauses to prevent the same happening and it has also been attacking costs with the workforce reduced by about a quarter in the past year. The results included £1.7m above the line for reorganization—partly offset by £750,000 of property profits—and £2.3m of extraordinary closure costs.

Asset sales, much lower capital spending and reduced working capital has also cut £8.4m from borrowings to £65.4m. But gearing and the interest burden—£12.7m last year—are still considerable and the permanent reduction in debt Meyer is aiming at will be hard to achieve without cutting capacity. Meanwhile the poor outlook for housing starts and repair and maintenance work suggest Meyer will have difficulty making a profit in the first half of this year, although there are tentative signs of improving margins and the cash flow is positive.

Sothebys

## Financing the future

A sense of relief on figures that are a little better than expected is no longer the stuff of rising share prices, and Sotheby's Parke Bernet Group fell victim yesterday with the shares falling 8p to 475p. Net auction sales in the half-year to February went ahead by 27 per cent to £145.6m, while pretax profits fell behind with a 10 per cent drop to £4.28m, and the full year's looks likely to be similarly down. The interim dividend is 5.0p gross again.

The trouble is that there is no way yet of deciding whether Sotheby's decision to go for a big turnover through the investment of £13m in three big salerooms was the right one, as they will only be fully operational next season. Meanwhile, the group has suffered from the financing charges incurred on that expenditure. Recession has also left its mark though the art market has been exceptionally buoyant, and the past season had its moments, but was largely bereft of the spectaculars of past years.

The strength of the dollar is now working in the group's favour, and as the two big salerooms, especially in New York, work up to full capacity the hope must be of profits, other things being equal, of between £5m and £10m. As investments, Sotheby's and Christie's score on quality of earnings as groups selling services and inflation-adjusted profits are very near historic ones. This Autumn will, however, see the High Court action over the introduction of the buyers' premium, so the 3.8 per cent yield is looking ahead far enough.

● Business failures are very much part of the times, but the latest Dun & Bradstreet figures, coming on top of the Department of Trade report on personal bankruptcies, are still disturbing. Company liquidations in the first half of 1981 were 44 per cent higher than in the same period last year and the gravity of the underlying trend has probably been conceded by the civil service dispute.

From the Government's point of view, a worrying aspect of the figures must be the concentration of failures in the already depressed regions—the North West, North East and West Midlands notably. But another indication of how far the recession has spread is the very high number of liquidations in London and the Home Counties. The fact that business start-ups are also running at a high level is a small consolation.

## Business Diary: Beaux and belles at the Savoy

Reviled though the Bow Group may be within the Prime Minister's inner sanctum, this paradigm of Tory wettiness is by no means despondent about its future.

Next Thursday it celebrates its thirtieth birthday with an anniversary ball at the Savoy. Organizer Philippa Curry tells me that it will be the largest Bow social event of recent years and comes at a time of rising membership.

David Howell, the Secretary of State for Energy, will be there, and Curry also hopes that another Bow Cabinet member, the Chancellor, will make an appearance.

Though the Prime Minister may frown upon most of Bow's activities—its latest wheeze is to compromise on gas saving rooms by turning them into McDonald's-style franchise operations—she can hardly round upon those associating themselves with the event. The PM, known in Bow circles as "Herself", is the ball's president, though she is not expected to attend.

"She is a very busy lady", Curry said with some tact.

Howell's attendance should come as no surprise—his wife is the ball chairman. If the Energy Secretary is lucky at the Bow's tombola he could win a weekend for two in Paris or two tickets to the Sunbury World Matchplay Golf championship at Wentworth. Clearly, life is one long whirl for progressive Tories these days.

Bow has about 1,000 members, 62 of them British MPs and 30 European MPs. With 250 attending the ball at £16 a ticket, the group should raise

enough money to continue in its role as gad-fly to the Government.

But one remains puzzled by the Organisation's description of the five-based group functions in order to influence the Government and prides itself on its quiet successes.

What successes? Quiet or not, surely we should be told.

## Schlock waves

Yesterday's downpour in central London probably seemed even more apocalyptic to Bloomsbury publishers Souvenir Press than to most of us.

The book group were just making the final preparations for the autumn launch of one of their new titles, *Doomsday 1999 AD*, when the heavens opened.

Written by Charles Berlitz, who produced that best-selling collection of tish Bermuda Triangle, it describes various ways in which the world might end in 1999, including flooding.

A few minutes after the rain began, Souvenir faced a doomsday of their own. Their office's flat roof filled with rainwater to the depth of a foot and waves started to roll down the internal staircase.

The staff duly leapt on to the roof and started to bail the water out, manfully led by managing director Ernest Hecht.

Souvenir aide Jo Varney says: "I'm afraid we splashed a few passers-by in the process but we appear to have created great amusement at the British Museum opposite us."



Never believe that old saw about British businessmen being slow off the mark. Given the chance, they can match anybody, even if the circumstances are not so pleasant. In the wake of our recent riots the Glass & Glazing Federation has enterprisingly compiled a list of London member firms offering a 24-hour service and thoughtfully provided the Metropolitan Police with copies. Every time the police tell a trader that his

shop windows have been smashed they can also provide details of the nearest contractor who is on call to effect temporary repairs. As our picture shows, the round-the-clock glazier are not beyond leaving a calling card to attract the attention of other riot victims. The contemporary Instone has been set up by Jeremy and Giles Instone, whose grandfather was Theo. Their father is chairman, and another

At its peak, Instone operated a fleet of 14 airliners, but it was then merged with Handley Page Transport, Daimler Hire and Aircraft Transport and Travel to form Imperial Airways, forerunners of BOAC and today's British Airways. The contemporary Instone has been set up by Jeremy and Giles Instone, whose grandfather was Theo. Their father is chairman, and another

# The bribery backlash that is hitting US exporters

Anthony Hilton

\$20m a year in sales, according to Mr John Subak, its lawyer. This is rather less than 1 per cent of its \$2,400m annual turnover but 2.3 per cent of its overseas business.

The figure was even higher at the Rarr Corporation, a Florida-based manufacturer of electronic communications and information systems, which has annual sales of \$1,400m, of which 30 per cent go overseas.

"We believe the FCPA is a very damaging law," says Mr Joseph Creighton, the vice-president. "We comply with it and our exports have survived, but at substantial cost."

## Responsible

In the five years before the passing of the Act Harris's exports increased 500 per cent, Mr Creighton says. But in the three years since the Act they have risen by only 75 per cent.

The cause of the slump is clear. The company has been forced to make substantial efforts to get business where it suspects that its overseas agents—most of whom are independent operators—may be paying bribes, because, under the Act, the Harris's directors could still be held responsible and jailed.

South America, the Middle East and South-east Asia were its prime markets. "We are probably losing something like \$50m a year of business we don't go after," Mr Creighton says. "Whether that is all lost business or not is hard to say."

Rohm Haas had a similar problem. Mr Subak says: "At first we tried to get our overseas agents to sign a statement saying that they had complied with the Act, but the lobby agents would sign anything and the good agents told us to go to hell."

Ingersoll Rand declined to put a cash figure on its lost business, but criticised the Act. "It has reversed foreign competitors of American companies who continue to bribe. It has deferred conclusion of an international agreement on the problem and it has sapped the ability of this country to compete abroad," says its company lawyer, Mr Norman Pacun.

Most firms seem to agree with him. According to a study just published by the General Accounting Office, a Federal Government agency, 30 per cent of the companies polled claimed to have lost overseas business as a result of the Act and 60 per cent believed that they could not compete with foreign companies and countries which are still bribing.

A new American Chamber of Commerce survey of 183 large and small American exporters arrives even more emphatically at the same conclusions and brings in the Carter Administration for support.

February, 1980," it says. "A White House task force reported that State Department officials in 15 countries, out of 45 surveyed, perceived the Act as having a negative impact on exports." Seven of the 15 thought the impact would be significant.

According to Republican Senator Mr John Chafee, who is sponsoring a Bill to clarify the Act, the American construction industry won only 1.5 per cent of the \$21,800m in new overseas construction contracts awarded during the 13-month period ending in July, 1979. This compares with a 10.3 per

cent share from May, 1975, to April, 1978.

Mr Robert Malott, chairman of Chicago's FMC Corporation, a leading chemicals and machinery business, says bluntly: "The law has got American companies thoroughly confused." Xerox says that its Cairo staff had to get permission from head office to pay \$8 a month in tips to the local telephone repair man.

In Texas, Enserch, the company trying to buy Britain's Davy Group, complains bitterly of having its efforts at overseas acquisitions severely curtailed. In California, Mr John Runser, financial controller of the Signal Group, attacks the cost of the paperwork, and in Washington, the Chamber of Commerce cites one anonymous firm which spent \$30,000 investigating whether a \$20 "grease" payment to an Asian customs official offended the Act—and this even though the Act expressly permits "grease" payments to minor officials to speed things up.

## Third parties

All the companies insist that they are opposed to bribery and refuse to allow any of their direct employees to engage in it. But the majority, and particularly small firms, export through independent third parties—agents and importers in the country concerned—most of whom will do what they think necessary in accordance with local custom to get the business. The core of American opposition to the Act is that as it is at present worded the American directors are held responsible for what these agents do.

Nearly all the Americans complain that their best agents

have been alienated by what they see as American moralising and have transferred their allegiance to European and Japanese firms. Many Americans have found it impossible to get replacements to work for them and in some cases have been forced to withdraw from the country completely.

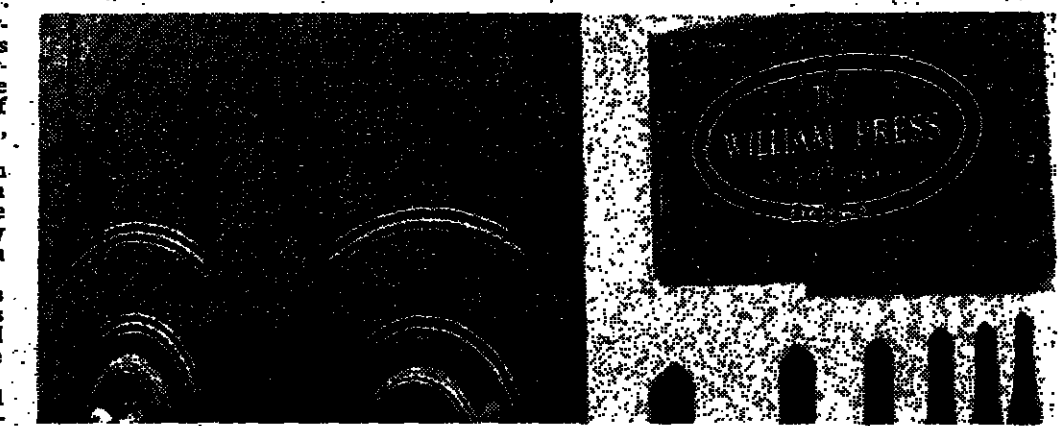
How many of these complaints are sour grapes at losing sales in export markets seems no longer to be an issue. The business lobby, helped by President Reagan's new appointees in Washington, has put together an impressive list of supporters for change, including the Justice Department, the Securities and Exchange Commission and various trade officials. They want to re-word the Act so that Americans are responsible only for their direct actions, not those of third parties, and they want an accounting rule loosened so that they no longer have to keep track of every small payment.

The opponents, led by Senator William Proxmire, though warning that a relaxation will inevitably lead to the return of the slush funds, are significantly out-gunned, and will have a tough fight keeping the Act intact. It is an issue where emotions run high, particularly in the case of the accounting rule for it combines in one package the desire for less regulation, the fear of foreign and especially Japanese competition, and the post-World War II resentment towards Third World countries.

So Rohm-Haas's Mr Subak, probably spoke for most of the American exporters when he said: "The Act is recognized as a first-rate pain in the tail by most of American industry. Only our foreign competitors think it's nice."

# Has the Revenue too much power?

Adrienne Gleeson examines the controversy over the William Press tax case



venue, into the business of making money. The reverberations of the affair of which they have been the unwilling pawns are, however, likely to continue for some time.

For one thing it provided a fine example of just that high-handedness in investigating suspected tax offences, of which accountants and tax lawyers have been complaining increasingly loudly since the passage of the 1976 Finance Act conferred new powers of search and entry on the Inland Revenue.

And for another, it has underlined the weaknesses of a system under which the Inland Revenue is charged, not merely with the collection of taxes, but also with any decision to prosecute for non-payment. In the wake of this case, defence lawyers have heavily criticized the inadequacy of the examination of the facts presented at the criminal hearings.

According to Sir David Napley, the defendants' solicitor, legal costs are likely to be nearer to £2m than £1m; and the lot—on the direction of the judge—is to be found from public funds.

Inland Revenue powers are in fact being scrutinized at the moment, by a committee under the chairmanship of Lord Keith, the Scottish Lord of Appeal. He is expected to start taking oral evidence in September, and to make his report in the middle of next year. This committee is set up by the Government in fulfilment of an election pledge, but its existence has not diverted the Inland Revenue's stern critics, who want a completely independent commission set up, on Scarsman lines, to investigate—for instance—the Revenue's powers to impound the vast mass of documents they took over in

the Press affair. At the moment that looks like a vain hope.

In the meantime the Inland Revenue is stoutly fighting its corner, claiming in the first place, that the fact that the William Press affair was sent for trial after criminal proceedings indicated that there was a *prima facie* case to answer and in the second, that although the full case was never heard, the mere fact that the Revenue was prepared to bring it at all ought to have some deterrent effect.

It is, in fact, Revenue policy to seek for the maximum number of convictions, except where it is thought to be in the public interest to prosecute. In the

year to the end of March 1980—the latest for which official figures are available—there were only 148 convictions for tax offences (and eight acquittals).

The Inland Revenue has some support from unexpected quarters. For instance Mr Halmar Hudson, chairman of the committee of the accountancy bodies which presented written evidence to the Keith committee, has "no objection" to the scope of the Revenue's powers in general, and is inclined to think that in some respects its powers to prevent potential tax evaders from leaving United Kingdom shores, for instance, they might well be strengthened.

He sees the introduction of new powers of search and entry in 1976 as the inevitable result of the increasing tendency of tax advisers to persuade their clients, when in trouble, to say nothing. He reckons that his own policy—to induce clients to make a clean breast of their attempts at dodging the Revenue—produces a better (that is, less expensive) result in the end, than trying to fight the taxman's case step by step. But in this he reveals a confidence in the Inland Revenue's capacity for tempering justice with mercy which is certainly not shared by his professional brethren. The Inland Revenue's attempts to extract admissions of guilt by the heavily footed methods used in the William Press affair are hardly likely to persuade them to the contrary.

## Technology

# A quantum leap for the laser

Reports have been circulating among the handful of specialist laboratories doing advanced research into new types of lasers that a team led by Dr George Chapline, at the Lawrence Livermore National Laboratory, California, has invented one that generates X-rays. Using the term in its scientific sense, if this is correct then a quantum jump has been made in this field of technology.

For the development of an X-ray laser could overcome many of the limitations placed on industrial and academic research workers in metallurgy, molecular biology, organic chemistry and many other subjects.

They will no longer be restricted to weak X-ray sources for examining materials, which include tumour cells from cancer tissues and the atoms of metallic compounds under development as more efficient catalysts for the petrochemical and pharmaceutical industries.

Against this background the excitement over certain evidence among usually reticent academic scientists is perhaps understandable. The shortage of information from the Livermore laboratory, which will neither confirm nor deny the report, is attributed to the fact that the studies on lasers by Dr Chapline's team are part of an important classified project sponsored by the United States Department of Defense.

Any lingering doubts that an X-ray laser has been achieved have been virtually swept away by an article in the current issue of *Nature* by Dr Peter Knight, of the optics section of the Blackett Laboratory, Imperial College, London. He reviews the credibility of the data that teams of scientists, working at the frontier of laser development, have been exchanging on the subject over

the past four months through a specialist bulletin called *Laser Focus*. This is an newsletter providing an insight into advances before they appear formally in the traditional journals.

It has proved difficult to create the conditions whereby the quantum of energy emitted by a laser is not in the form of light but X-rays: it is a goal which the leading groups in laser research have been pursuing for more than a decade.

A fundamental difference separates the attitudes towards the perfection of an X-ray laser and the invention of the original devices for generating an intense beam of pure visible light. For the first lasers spent nearly 10 years as remarkable laboratory inventions looking for an application.

In contrast, an X-ray laser has a myriad of applications waiting on its discovery. For instance, it should transform research in industrial materials for examining basic chemical, physical and mechanical properties, including electrical resistivity, radiolysis, swelling of nuclear fuel canisters, the onset of metal fatigue and photografting individual atoms of elements.

But there may be a long gap between the discovery of the device and the development of generally available equipment. Moreover, there has been a cardinal divergence in approach between British and American research groups.

The general trend in laser research over the past few years has been to find methods of producing ones that differ from those that emit intense beams of red or blue-green light; instead the new types generate a pure frequency up to 50 times shorter than the wavelength of visible light. While the pure research groups were exploring materials which could be stimulated to generate shorter frequencies, the applied research teams were trying to transform laser into more powerful instruments. Those are being turned into weapons systems to obliterate the optical guidance components on missiles or to punch holes in their fuel tanks. The power and penetration of an X-ray laser makes it an even more formidable weapon; hence the secrecy surrounding the American scheme.

Because of some crucial differences between the properties of light rays and X-rays some of the technical tricks for stimulating the level of "excitement" in atoms of material to provoke the laser action are not available to the scientist. The closest approach to generating X-rays in a laboratory in the United Kingdom is believed to have been by Professor Geoffrey Perr's team at the University of Hull. It involved vaporizing carbon fibre material in a neodymium glass laser, stimulating the energy state of that process was exploited in a way that generates a "lasing" action close to X-ray wavelengths.

These are the best results published and the Hull team is moving its experiments to the Rutherford and Appleton laboratories of the Science and Engineering Research Council where a longer length of carbon fibre with a more powerful pulse of energy can be vaporized. The task of feeding the raw energy into material to stimulate the emission of a pure beam of radiation is usually referred to as "pumping"; and the Livermore group is reported to have harnessed the energy from a small nuclear explosion at the United States test site at Nevada for the purpose.

Pearce Wright



## FINANCIAL NEWS AND MARKET REPORTS

## Note of caution at Sonic Sound

By Rosemary Unsworth

Sonic Sound Audio, the London hi-fi equipment retailer, has seen a 78 per cent profit increase at the halfway stage but the figures are accompanied by a hint that the full-year profits forecast may not be met.

Pretax profits for the six months to May 2 were £352,000 against £198,000 and turnover rose from £1.4m to £1.9m. But last January when Sonic Sound came to the stock market for full quotation through a 37.5 per cent placing, Mr Lionel

Astor, the chairman, said profits would be not less than £800,000 by the year end.

"Since the time of the prospectus there have been two adverse events affecting trading. Real consumer spending has been worse than anticipated and there was a delay in the opening of two further Tottenham Court Road shops. These shops are now trading up to expectations. The first six months' figures would have been better if these openings had been on schedule," Mr Astor said.

He said that the board was therefore taking all possible measures to achieve the profits forecast but this was dependent on an improvement in trading conditions.

The group continues to expand. It has recently acquired a lease on another Tottenham Court Road shop and wants more outlets for video hardware and software. It also has plans for outlets in Charing Cross Road and Oxford Street, which should be trading by the year-end. There is an interim dividend of 3.2p gross.

## Greene, King bucks trend with 12pc rise

By Margaret Pagano

Greene, King & Sons, the East Anglian brewer, has defied the trend of declining beer sales with record pretax profits in the year to April.

Yesterday, the group reported profits 12 per cent higher at £6.5m on sales 14 per cent up at £55.7m. The final gross dividend is 6p, making a total for the year of 9p compared with 7.8p last year. The shares rose 4p to 268p.

Competitive beer prices, less severe unemployment levels and the growing population in the East Anglian region are cited as some of the reasons for growth by the chairman, Mr John Bridge.

Greene's policy is to keep beer prices competitive and the group's price differential is about 5p a pint lower than other national brands.

"We can achieve this because we have lower overheads and our lines of communication are short," Mr Bridge says.

The group noticed no real drop in sales after the 4p extra on a pint after the March Budget. Slightly higher prices were put on Greene's high-gravity bottled beers.

Over the last year, Greene spent £3m on modernizing production facilities and updating some of its 740 public houses. Another £3m is earmarked this year for further pub modernization. It recently bought its first pub in London.

Poor sales in May are blamed on the weather. Trading in June was satisfactory and the group is hoping for a good summer.

Stock markets  
New tap exhausted

Glits again dominated market interest yesterday as the Government broker reported that supplies of the new index-linked tap Treasury 2 per cent 2006 had been exhausted.

The poor response to applications earlier in the week had forced the Bank of England to offer the stock at a surprisingly low level to make it more attractive to investors.

The tactic appeared to work and after a half-hour delay while dealers assessed the situation, jobbers reported heavy buying orders when trading resumed at 10.30. By lunchtime the Government broker was able to report that all available stock had been exhausted with the price closing £1 higher at £87½ (£82 partly paid).

With buying orders still unsatisfied, attention shifted to the short tap where the Government broker was able to supply further stock. But the rest of the market remained thin with the uncertain economic and industrial climate proving a deterrent. Even the figures for the central government borrowing requirement failed to cause much of a stir.

By the close prices in the shorts had recovered by £1 while in the long the rise was restricted to £1.

Equities meanwhile, remained overshadowed by the £600m BP offer to underwrite the issue. The way for a recapitalization had also been eased by the government's sale of a 1 per cent stake in Montedison to a financial holding company, Gemina, which was bought from Montedison by private sector interests.

After a brief pause for profit-taking, however, Montedison resumed its advance, closing 7½p higher at 204½p. But GH Downing fell 8p to 232p after Hanson Trust, down 2p at 286p, had allowed its bid to lapse. However, the recommended offer from Steeley, 6p lower at 194p, still remains. Hopes of a counter bid in opposition to the one from News International had William Collins 10p higher at 238p despite the rejection of its appeal to the Takeover Panel over the 9.5 per cent of the shares earlier acquired by NI.

F.H. Lloyd, in which Cooper Industries now holds 28 per cent, had risen 2p to 36½p after the resignation of its chief executive.

Recent trading news had

## Greenfields dives into red

Greenfields Leisure, the camping equipment group, yesterday blamed the recession and reorganization costs for its fall into the red in the six months to April.

Losses of £682,000 compared with profits last year of £444,000 and the interim dividend is passed. Last time the payment was 1.2p gross. Sales dipped £500,000 to £8.4m.

But the group expects recovery in the second half, when profits from property sales should offset the trading down turn, and it hopes to be able to pay a final dividend.

Mr Richard Greenfield, chairman, says trading was hit by the retail slump, unfavourable exchange rates and one-off costs of redundancies and relocations.

Greenfield's wholesale division continues to operate successfully and is concentrating on opportunities to expand the range of camping, cycle and ski products.

Signs of the fall in consumer demand for leisure goods came last year when the group reported pretax profits down to £14,000 in the year to October.

## BP bid for Selco thwarted

In another manifestation of Canada's nationalist attitude towards foreign natural resources companies, the Foreign Investment Review Agency has rejected the proposed takeover by British Petroleum of Selco Mining. The takeover would have been part of BP's £425m absorption of Selection Trust.

A BP spokesman would say only that the company is considering the next step. It is understood, however, that of the two main alternatives—to sell Selco or to make another application—the latter is more likely.

## Montedison expansion

Montedison, the chemical group, will become Italy's biggest company outside the state sector when its planned capitalization issue of nine shares for every five held goes ahead. Capitalization will increase from Lira 355,700m to Lira 596,100m (£433m).

The issue, which is designed to lift Montedison out of a long run of losses, has been held up by the suspension of dealings on the Milan Bourse. But

company officials expect dealings to resume on Monday.

Dr Giorgio Porta, the company's strategic planning manager, said yesterday that a group of Italian banks had agreed to underwrite the issue. The way for a recapitalization had also been eased by the government's sale of a 1 per cent stake in Montedison to a financial holding company, Gemina, which was bought from Montedison by private sector interests.

## Hanson Trust bid lapses

Hanson Trust revealed yesterday that its £12m takeover bid for C. H. Downing, the Staffordshire building materials group, has lapsed, leaving it with a 24.89 per cent stake.

The industrial services group, whose chairman is Sir James Hanson, launched the 200p cash offer for Downing in May and won acceptance from some directors, giving it the 24.89 per cent holding. But the Downing board rejected the offer, describing it as unfavourable.

Last month, however, a rival bid appeared from Steeley, the construction materials and chemicals group, with an alternative share and partial cash offer of 26½p a share. This valued Downing at £16m and immediately won the board's acceptance.

Mr Douglas Hartley, Downing's chairman, described the offer as fair and reasonable and urged shareholders to oppose the Hanson bid.

M. J. H. Nightingale & Co. Limited  
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212  
The Over-the-Counter Market

1980/81	High	Low	Company	Price	Gross	Yld	P/E	Fully
					Ch's Div (p)	%	Actual	Adjusted
76	39	Alpsprung Group	66	—	4.7	7.1	10.5	14.5
52	21	Armstrong & Rhodes	47	—	1.4	3.0	19.2	44.8
200	53	Bardon Hill	196ad	—	9.7	4.9	9.5	11.6
104	88	Deborah Services	100	—	5.5	5.5	5.0	9.4
126	88	Frank Horsell	102	—	6.4	6.3	3.2	5.9
110	39	Frederick Parker	66	—	1.7	2.6	26.7	—
110	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	113	—	7.0	6.2	3.6	8.0
130	103	James Burroughs	130	—	8.7	6.7	9.5	11.9
334	244	Robert Jenkins	314	—	31.3	10.1	—	—
58	50	Scruttons "A"	58	—	5.3	9.1	8.9	8.3
224	196	Torrey Limited	196	—	15.1	7.7	7.5	13.0
23	8	Twinkl Ord	15	—	—	—	—	—
90	68	Twinkl 15" ULS	79	—	15.0	19.0	—	—
56	35	Unilock Holdings	40	—	3.0	7.5	6.2	9.8
103	81	Walter Alexander	102	—	5.7	5.6	5.6	9.0
263	181	W. S. Yates	247	—	13.1	5.3	4.7	9.5

## Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crds	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams and Glyn's	12%

\* 7 day deposit on sums of £10,000 and over 9% up £50,000 10% 9% up

## PILKINGTON

**"An overall trading loss in the United Kingdom; a generally strong performance by the overseas subsidiary companies!"**

From the Statement by the Chairman, Antony R Pilkington

## The Pilkington Group worldwide

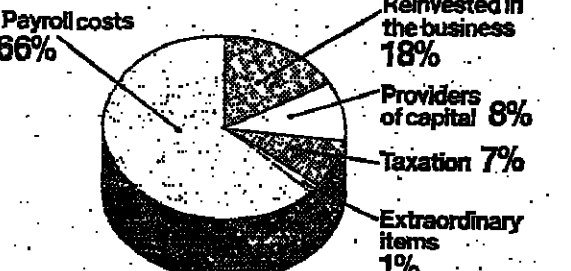


## Financial highlights

	1980	1981
£m	£m	£m
Sales to outside customers	629.0	786.8
Trading profit	49.0	48.2
Licensing income	37.0	35.3
Group profit before taxation	91.4	81.0
Group profit after taxation	70.9	48.8
Dividends	14.8	17.6
Profit retained in the business	54.0	18.7
Earnings per share	52.0p	24.6p
Dividends per share (gross)	10.5p	10.5p

## Distribution of added value

Total to be distributed £478.7 million



Although trading profit at £48.2 million for the Group is only £0.8 million down on last year, the two figures cannot be compared. The three dominant features in this year's result are: an overall trading loss in the United Kingdom; a generally strong performance by the overseas subsidiary companies; and the inclusion of the German companies Flachglas and Dabbusch, and the Brazilian group of companies, as subsidiaries for the first time.

In the United Kingdom, we have been severely affected by the economic recession. The lower volumes and our inability to recover cost increases in selling prices has affected most of our operations. The trading loss in the United Kingdom was £12.1 million, which compares with a trading profit in 1980 of £24.1 million. The major loss-making operations were Fibreglass reinforcements, safety glass, and ophthalmics.

In contrast to the United Kingdom, the overseas companies' results are an improvement on last year. Particularly good results have been achieved in our flat glass operations in South Africa, Australia and Argentina, and our safety glass operations in South Africa, New Zealand, and Zimbabwe. Compared with last year, which included a

sixteen-week strike, results in Canada have improved. The 1981 overseas profits are increased by £24.6 million by the inclusion of the seven months' post-acquisition profits to December 1980 of the Flachglas/Dabbusch Group, and of the Santa Lucia/Provido Group, which became subsidiaries on 2nd June, 1980.

**LICENSING INCOME**

Licensing income at £35.3 million is slightly lower than last year. This income, which arises mainly from overseas, would have been increased by £1.8 million had exchange rates remained unchanged during the year.

**CAPITAL EXPENDITURE AND FINANCE**

The Group acquisition of a majority interest in the German companies, Flachglas and Dabbusch, cost £141 million.

The German acquisition was financed partly by an issue of shares in Pilkington amounting to £27 million, partly by additional long term borrowings of £49 million, with the remainder coming from existing resources.

Capital expenditure on new buildings, plant and equipment during the year amounted to £127 million, of which £85 million was in the United Kingdom.

**DIVIDENDS**

A first interim dividend of 5.0p per share was paid in January 1981. The directors have declared on 12th June, 1981, a second interim dividend of 5.5p per share, payable on 13th August, 1981, giving an unchanged total of 10.5p per share this year.

**PROSPECTS**

In the United Kingdom trading conditions remain extremely difficult with no expectation of improvement until at least our second half year. The overseas operations forecast a good performance.



## Briefly

**Brazil's coffee move:** In an attempt to bolster sagging coffee prices, Brazil, the world's biggest coffee producer, is reducing the amount of credit roasters pay against future deliveries. Brazil is also cutting export quota contributions and prices of coffee purchases registered in August and September by members of the International Coffee Organization. Coffee prices responded yesterday by rising in London, September delivery closing £50 up at £783.50 a tonne.

**John J. Lees:** Turnover for year to March 31, 1981, £11.88m (£1.68m). Pretax profits: £54,000 (£94,000). Total dividend: 3.71p (3.57p) gross.

**British Building and Engineering Appliances:** Sales for year to March 31, 1981, £2.59m (£2.5m). Pretax profits: £205,000 (£402,000). Total payment cut from 5p to 2.85p gross.

**Coghlan's:** Turnover for year to March 31, 1981, £4.33m (£6.95m). Pretax profits: £551,000 (£651,000). Total dividend unchanged at 7.14p gross.

**Kinta Kellas Rubber Estates:** Turnover for year to March 31, 1981, £1.51m (£1.51m). Pretax profits: £276,000 (£567,000). Total dividend unchanged at 7.14p gross.

**Braidwaite & Co Engineers:** Turnover for year to March 31, 1981, £8.79m (£8.79m). Pretax profits: £809,000 (£577,000). Dividend raised from 10p to 11p gross.

**Turnbull Scott Holdings:** Turnover for year to March 31, 1981, £13.57m (£11.87m). Pretax loss: £270,000 (against loss of £284,000 last year). But total dividend raised to 8.57p (7.14p) gross.

**Batleys of Yorkshire:** Turnover for year to March 31, 1981, £105.54m (£89.12m). Profit attributable: £1.05m (£947,000) after tax. Total payment: 3.14p (2.85p) gross.

## Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Braidwaite Eng (F)	5.29(8.79)	0.81(0.97)	51.1(17.6)	4.7(4)	2/10	7.7(7.0)
Brit Building (F)	2.59(3.5)	0.2(0.4)	10.1(17.0)	1.0(2.15)	—	2(3.5)
Caledonian Clae (F)	9.91(7.78)	0.9(0.64)	81(7.5)	7(3)	—	9(7)
Greenfields L (F)	8.47(10.4)	0.68(1.44)	6.8(15.7)	1.0(0.84)	—	12(13)
"Imps" (F)	2.11(1.380)	29.7(70.7)	3.4(6.3)	2.7(2.7)	2/11	(6.75)
Kinta Kellas Rbr (F)	1.51(1.51)	0.67(0.66)	7.48(7.15)	3.5(3.5)	11/9	5(5)
John J. Lees (F)	1.88(1.89)	0.08(0.09)	11.8(7.57)	1.9(1.85)	2/10	2.6(2.5)
Turnbull Scott (F)	13.57(11.87)	0.48(0.2)	2.8(2.4)	1.2(1.1)	1/10	1.0(1.3)
M. L. Meyer (F)	2.75(16.3)	7.83(24.4)	1.2(5.4)	1.2(5.4)	9/9	3.6(25)
A. Monk (F)	93.1(88.2)	0.93(0.46)	7.3(4.8)	1.7(1.2)	—	1.75(1.3)
Robert Moss (F)	3.1(3.34)	0.27(0.45)	1.99(3.26)	1.07(0.8)	23/9	1.39(1.39)
Verulam (F)	0.59(0.68)	0.59(0.68)	3.8(4.77)	2.4(2.6)	—	3.1(4.39)
Sotheby Parke (F)	145(114)	4.28(4.8)	21.1(24.1)	3.5(3.5)	28/8	(12.5)
Tribune Inv (F)	(—)	0.7(0.75)	1.65(1.77)	0.8(0.8)	2/10	(2.7)
Turnbull Scott (F)	13.5(11.8)	0.27(0.28)	30(30)	3(3)	1/10	6(5)
Watson & Philip (F)	39.0(31.8)	0.2(0.27)	1.5(1.6)	1.0(1.0)	—	3(3.0)

## Discount market

Credit conditions proved very easy. The Bank of England mopped up surplus liquidity. Houses picked up money in some volume at about 10-10 per cent in the early stages, but the rate gradually fell to 30p. The dollar opened lower by midday. Final balances were taken between 9 and 10 per cent.

## Foreign exchange report

The market closed on a quiet note with the dollar rising slightly, and sterling losing a little ground. The pound finished 20 points easier at \$1.8775 compared with \$1.8795 overnight while the trade-weighted index slipped to 92.9 against 93.5 on Wednesday. The expected unchanged MLR decision was fully discounted.

The dollar opened lower on some profit taking but by the end of the day began to recover as

## RTZ optimistic over new mine

The Rio Tinto mining group in Zimbabwe has begun developing a gold mine which it believes will soon become one of the biggest in the country.

When it is fully operational, probably in the first quarter of next year, the mine in southern Zimbabwe is expected to yield more than 52,500 ounces of gold a year. That would increase Zimbabwe's gold production by about 13 per cent. In 1979, the country produced 386,000 ounces. About £13m has been spent on developing the mine, south of Fort Victoria. Envisaged production would be worth almost £11m a year in foreign exchange for Zimbabwe at the present gold price. —Reuter.

## Sterling: Spot and Forward

Market rates (day's range)	Market rates (close)
New York \$1.8770-8000	\$1.8770-8000
London 1.8770-8000	1.8770-8000
Amsterdam 5.44-5.45	5.44-5.45
Brussels 75.00-76.00	75.00-76.00
Frankfurt 14.60-14.70	14.60-14.70
Dublin 1.2850-2.8000	1.2850-2.8000
Paris 121.00-122.00	121.00-122.00
Madrid 184.10-185.00	184.10-185.00
Algeria 230.00-240.00	230.00-240.00
Algiers 11.40-11.50	11.40-11.50
Paris 11.00-11.10	11.00-11.10
Tokyo 220.00-230.00	220.00-230.00
Vietnam 32.40-33.00	32.40-33.00
Turkey 3.00-3.10	3.00-3.10

## Other Markets

Market	Rate
Australia	1.6425-1.6575
Bahrain	6.7070-6.7100
Finland	8.8500-8.8600
Greece	112.20-115.20
Hongkong	10.7100-10.7200
India	Not available
Kuwait	0.5300-0.5350
Malaysia	4.4000-4.4200
Mexico	45.40-46.00
New Zealand	2.2225-2.2325
Saudi Arabia	4.0000-4.0200
South Africa	1.7110-1.7200

## Indices

Bank of England	Morgan Guaranty
Index	Index
Sterling 92.9	92.9
US dollar 111.1	111.1
Canadian dollar 110.3	110.3
Switzerland 104.3	104.3
Belgium franc 104.3	104.3
Denmark 104.3	104.3
Deutsche mark 104.3	104.3
Swiss franc 104.3	104.3
French franc 104.3	104.3
Japanese yen 104.3	104.3
Lira 104.3	104.3

## Dollar Spot Rates

Country	Rate
Ireland	1.4000-1.4200
Netherlands	2.7400-2.7450
Belgium	40.50-40.60
Denmark	7.125-7.130
West Germany	2.4525-2.4640
Portugal	84.70-84.80
Spain	97.95-98.05
Italy	1.225-1.228
Norway	6.1000-6.1100
France	5.6700-5.6750
Sweden	5.1915-5.1965
Switzerland	2.20-2.21
Austria	17.28-17.31
Switzerland	2.070-2.100

## Money Market Rates

Bank of England MLR 12%	Bank of England MLR 12%
Rate	Rate
Overnight: 11.10%	Overnight: 11.10%
1 month: 11.10%	1 month: 11.10%
3 months: 11.10%	3 months: 11.10%
6 months: 11.10%	6 months: 11.10%
12 months: 11.10%	12 months: 11.10%

## EMS Currency Rates

Country	Rate
Belgium franc	0.7885-1.3694
Danish krona	7.4603-7.4603
German D-mark	2.5420-2.5420
French franc	6.5595-6.5595
Dutch guilder	2.8128-2.8127
Irish punt	0.88145-0.88142
Italian lira	2036.26-2036.26

## Euro-\$ Deposits

Country	Rate
Belgium franc	0.7885-1.3694
Danish krona	7.4603-7.4603
German D-mark	2.5420-2.5420
French franc	6.5595-6.5595
Dutch guilder	2.8128-2.8127
Irish punt	0.88145-0.88142
Italian lira	2036.26-2036.26

## Gold

Country	Rate
Gold fixed: \$340.75	Gold fixed: \$340.75
Gold fixed: \$340.75	Gold fixed: \$340.75
Gold fixed: \$340.75	Gold fixed: \$340.75
Gold fixed: \$340.75	Gold fixed: \$340.75
Gold fixed: \$340.75	Gold fixed















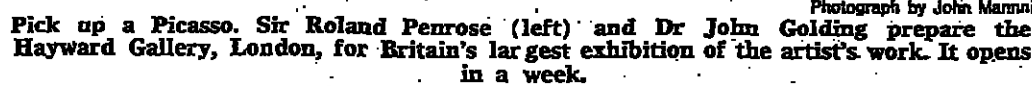
The move means a gradual end to 13 weeks of disruption in passport offices which has led to long queues outside the main office in Petty France,

# es staff return

London, and a backlog of written applications thought to be well over 150,000.

The COSU, who said that the return to work would be phased over several weeks, said that passport staff would be going back because the peak holiday season for applications was drawing to a close.

The Foreign and Commonwealth Office yesterday advised the public to check with their local office



Lord Justice Lawton, in a reserved judgment, said he was not persuaded, on the balance of probabilities, that the contractor's breaches of contract did cause the progressive collapse. He said he could see no sufficient grounds for differing from the finding that it would not be right to hold the contractor guilty of negligence.

Lord Justice Shaw and Lord Justice Brandon agreed in dismissing the appeal.

Four people were killed at a Houston Point after an explosion when a woman struck a match to light her gas cooker.

neither of them was  
not plucked out of the air nor  
they as some paranoid  
prime ministers may think the  
first five demands, with more  
to follow. Together they form  
the bottom line of the neces-  
sary changes within the prison  
to bring to an end not only the  
hunger strike, the blanket pro-  
test, but the underlying every-  
day conflict which produced  
both."

Mr Gerry Adams, vice-  
president of Provisional Sinn  
Fein said "with Joe McDonnell  
and the other hunger  
strikers facing near death those  
in positions in power in Dublin  
in the Social Democratic Labour  
Party and in the Roman Catho-  
lic hierarchy are duty-bound

McDonnell.

□ The Rev Ian Paisley, MP  
Antrim, said he would  
Lord Chamberlain that  
his wife cannot accept the  
invitation to attend the mar-  
riage of the Prince of Wales  
Lady Diana Spencer. He  
Cardinal Hume's part in the  
vice is an "undermining of  
Protestant foundation of  
nation."

□ About 1,000 people, s-  
chanting "Thatcher murder-  
demonstrated in front of  
British Embassy in Paris y-  
day to protest over Briti-  
policy in Northern Ire-  
Many protesters, carried  
tures, of Mr McDonnell.

has gone from strength to strength, winning the trials at Sandown and Cheltenham and the Epsom Derby for Walter Swinburn, Stewards' Cup winner, 19-year-old stable jockey.

At Portman Square yesterday morning Swinburn expended for 10 days for retraining on Hard Fought II, Saturday's Eclipse Stakes winner at Sandown Park (report, page 10).

Swinburn was barred for 10 days for careless riding on turbulent and this cost him the Derby on Shergar in the ride on June 27, when he was replaced by Lester Piggott.

The Curragh, Shergar coming off the Derby double, bringing the prize money total to £297,000.

before he has to go under the union's rules.

An election will be held in December or early January after the conclusion of negotiations on the miners' claim for 24 per cent pay rises. The winner will work in tandem with him for the first quarter of 1982.

Campaigning has been proceeding for some months. Proceeding for tomorrow will be Mr Arthur Scargill, president of the Yorkshire Miners, standing as the left candidate, and Mr Trevor Bell, secretary of the white-collar Colliery Officials and Staff Area, standard-bearer of the moderates.

Mr Scargill starts as firm

opponent at the emotional close of the conference yesterday, and delegates gave him a standing ovation. It was not always a pleasant job and not always easy, he said "but we have made miners a little more respectable in the eyes of people. I leave you with regret".

After the formal announcement, Mr Scargill said he was confident of being elected.

He is to campaign on a platform of a four-day week for miners without loss of pay, retirement at 55, a minimum salary of £100 a week and better fringe benefits.

Mr Bell, a former miner, has yet to release his manifesto,

[illegible]